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WORLD NEWS

'Growing support' for SDP merger

Liberal Party supporters of a merger with the Social Democrats won the support of MP Mr Simon Hughes.

US presents new treaty

US negotiators presented a new draft treaty on space-based weapons in talks with the Soviet Union in Geneva.

Court martial for soldiers

Two privates in the 1st Battalion The King's Own Scottish Borderers will face court martial in West Germany after allegations of cruel initiation ceremonies.

Hart to return funds

US Democratic presidential candidate Gary Hart admitted he received improper funds for his 1984 campaign from Hollywood film producer Stuart Karl and said he would return them.

Police turn to hypnotist

A police detective turned to a hypnotist to help identify a suspect in the murder of Myra Hindley.

Ferry safety proposals

Ferries should have handrails on ceilings to help passengers escape if they capsize, according to Transport Department safety proposals.

Red Arrows pilot dies

A pilot with the Red Arrows aerobatic display team was killed during a routine practice at RAF Scampton, Lincoln, when his Hawk jet crashed.

Team plans Arctic walk

Adventurer Sir Ranulph Trelawny-Wykeham-Fiennes and two other members of the Great British Polar Quest plan to walk unaided to the North Pole.

Car bombs at funeral

Two car bombs exploded at the funeral in Afghanistan of anti-colonialist campaigner Abdul Ghafoor Khan, killing six people.

Sikhs kill 10 in park

Sikh separatists sprayed bullets at a Hindu physical fitness club exercising in a north India park, killing 10 people.

SA imposes funeral curbs

South African police imposed restrictions on the funeral of Percy Qoboza, an influential black newspaper editor and anti-apartheid crusader.

Beating the rush hour

Rome council is appointing an extra 1,000 traffic police to try to toughen curbs on rush-hour traffic, including banning cars and lorries from the centre both morning and evening.

Earthquakes hit Australia

A sparsely populated area in Australia's Northern Territory was struck by three earthquakes.

Flying in style

Amsterdam's Schiphol Airport opened a special departure lounge for cows - a 10,000 sq ft cowshed.

MARKETS

Table with market data including DOLLAR, STERLING, LONDON MONEY, and NORTH SEA OIL.

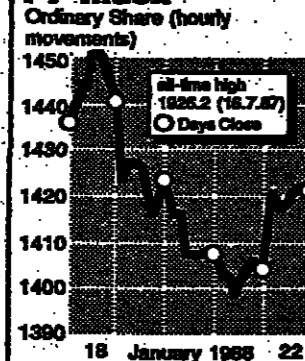
BUSINESS SUMMARY

Halifax to consider going public

HALIFAX Building Society said it was considering becoming a public company and had appointed bankers N M Rothschild to study the implications.

SECURITIES markets wound up the week in good form. Equities recovered about half the loss of the previous four days.

FT Index



as a former dollar took some pressure off international stocks. London Stock Exchange, Page 12.

JAPANESE Big Four securities houses, Daiwa, Daiwa, Nikko and Yamaichi - had record consolidated profits in the year to last September 30.

Profit growth, however, was less than they had hoped for. Page 10.

BRAZIL was likely to make a compromise offer on interest payments to its creditor banks to break the deadlock and ease the way towards fresh financing talks. Page 3.

SEARS UK retail, jewellery and department store group, has won its bitterly fought battle for new mans, the mail order group. Page 10.

AMERICAN BRANDS, US tobacco and consumer products group which owns Gallaher of the UK, has launched a \$2.4bn (£1.3bn) counter-bid for E-I Holdings in a risky attempt to turn the tables on chairman Donald Kelly. Page 10.

ST GOBAIN, privatised French glass and packaging group, raised net profits last year by 92 per cent to FF2.75bn (£373.9m). Page 10.

VON ROLL, Swiss steel and engineering concern, is to buy Teca Esser, a European affiliate of United Technologies of the US, for an undisclosed sum. Page 10.

BURNETT & Hallamshire, troubled coal-mining and property group, and Anglo United, open-cast mining and coal distribution company, suspended their shares pending a planned exchange of businesses. Page 8.

BARKE & Dobson, supermarkets and sweets group, will not have its £2bn bid for the substantially larger Des Corporation referred to the Monopolies and Mergers Commission. Page 8.

BRITFOL, UK oil exploring company, which is the subject of an unwelcome bid by British Petroleum, has acquired significant exploration acreage in Africa. Page 3.

SWEDEN has accused the British Government and media of thwarting a bid by Scandinavian Airlines Systems for a stake in British Airways.

The world value of the dollar table failed to appear in the international and some UK editions of the FT yesterday because of a typesetting problem. The table will appear on the corrected page on Monday.

Alton abortion bill clears first parliamentary hurdle

THE PRIVATE member's bill to cut the time limit on abortions from 28 to 18 weeks passed its first major hurdle in the Commons with a 46 majority yesterday, despite warnings that it could lead to the birth of more handicapped children, writes Ivor Owen.

Mr David Alton, the Liberal MP who is the bill's chief sponsor, hailed the 296-251 vote at the second reading as a "great achievement."

He acknowledged the need to consider an alternative upper limit of 24, 22 or 20 weeks during the committee stage.

with Mrs Margaret Thatcher abstaining. She had already indicated that she regarded 18 weeks as unacceptable because of the need for more time to establish the viability of the foetus.

Nine members of the Cabinet, including Mr Nigel Lawson, the Chancellor of the Exchequer, and Mr Cecil Parkinson, the Energy Secretary, voted for the second reading, while 66 Conservative MPs lined up against it.

In one of the biggest votes to take place on a Private Member's Bill in recent years - 647 MPs went through the lobbies -

Mr Neil Kinnock, the Labour leader, voted against, along with Mr David Steel, the Liberal leader, who sponsored the 1967 legislation relaxing the abortion laws in England and Wales.

Mr Steel stressed that the bill would make a "major difference" to the operation of the abortion law.

Mr Alton's offer to consider a less restrictive upper limit than 18 weeks made little impression on his critics, particularly the women MPs who spoke in the debate.

to limit the freedom of women to govern their own lives, and a number of women in the public gallery signified their support for this view by hissing when the outcome of the vote was announced. Others, however, applauded.

Mr Tony Newton, the Health Minister, underlined the Government's neutrality by declining to give its collective view of the measure.

Significantly, he showed no such inhibition in announcing that the Government would support a private member's bill now being considered by a

House of Lords select committee which seeks to introduce an upper legal limit of 24 weeks.

Mr Newton warned that with an 18-week upper limit there was likely to be an increase in the number of children born with severe handicaps, and would have resulted in 8,000 fewer abortions in 1986.

Speaking at a press conference after the debate, Mr Alton admitted that the bill would have to survive "Parliamentary ambush and procedural mugging" if it was to become law.

Bill wins through, Page 4

Scargill likely to win by a narrow majority

BY CHARLES LEADBEATER, LABOUR STAFF

MR ARTHUR SCARGILL, the National Union of Mineworkers' president, seems likely to hold office by only a narrow majority following the ballot which ended last night, after 24 hours of voting.

Reports from local union officials indicated that he may have beaten his challenger, Mr John Walsh, a right winger, by as little as five per cent of the vote, which was conducted among the union's 90,000 members.

It seems certain that Mr Scargill will not get the 70 per cent majority he enjoyed in 1981.

The election will have far-reaching ramifications, not only for industrial relations in the coal industry and British Coal's modernisation plans but for the NUM's position within the labour movement.

While Mr Scargill has campaigned on a strategy of opposing the corporation's plans, Mr

Walsh has stressed the need to re-visit the union and to adopt a more open approach to negotiations.

It seems Mr Scargill has won, at most, 60 per cent of the vote in the key Yorkshire coalfield, which accounts for a third of the union's members and has long provided his power base.

Officials at Kellingley, Britain's largest colliery, predicted that Mr Scargill had won 60 per cent of the vote. Mr Scargill was expected to be well supported in the cluster of pits around Doncaster.

Mr Walsh's supporters said he had won majorities at several Yorkshire pits.

NUM officials in South Wales, who has about 10,000 miners, said Mr Scargill was likely to win about 60 per cent of the vote.

Union officials at Oakdale, the coalfield's largest pit with more than 1,000 miners, said

Mr Scargill seemed to be ahead by about 100 votes, with close results predicted at several other collieries.

Cosa, the union's white collar section and its third largest area, with about 9,500 members, was reported to be going Mr Walsh's way, with about 80 per cent of the vote.

In Durham and Northumberland, union officials said Mr Scargill was believed to have won with between 55 per cent and 60 per cent. Officials in Lancashire, an area which was expected to support Mr Walsh, said Mr Scargill was likely to win with a narrow majority.

Early returns from Coventry and Baddersley collieries in the Midlands area suggested a strong vote for Mr Walsh.

Craftsmen in the area were reported to have backed him by 75 per cent.

The official result is expected on Sunday evening.

Senior ministers attack plan for hospital strikes

BY PETER REDDILL, POLITICAL EDITOR

SENIOR MINISTERS yesterday launched a concerted counter-attack over the National Health Service with strong criticism of threatened strike action in hospitals and warnings of its possible impact on the current review of nurses' pay.

Mr John Moore, the Social Services Secretary, said talk of striking was "deplorable" and a betrayal by some health service unions of their members.

Mr Norman Fowler, his predecessor, now Employment Secretary, said strikes would hit patients and add thousands to waiting lists.

"The health unions should get their tanks off the streets," he said.

The ministers' attacks came as Sir Geoffrey Howe, the Foreign Secretary, sought to open up the debate about future health care funding by pointing to the successful combination of private health insurance and state provision abroad.

Ministers believe the threat-

ened disruption gives them a chance to regain the initiative in the ongoing battle. For several weeks they have been on the defensive and apparently in disarray over complaints about the NHS.

There were signs at Westminster yesterday of an attempt by senior Tories to rally round Mr Moore after recent criticisms.

The Government line is to try to separate Nupe and Cohse, the unions whose members are threatening disruption, from the Royal College of Nursing, which opposes strike action.

Speaking in Croydon last night, Mr Moore said he was pleased he was meeting the ECN next month, since the union recognised that "the rock which the nurses' pay for review body rests is the commitment of the profession against strike action."

He noted the current study of the structure of nurses' pay by the review body, and said: "The strikes being called by the mil-

itants do nothing to advance the nurses' cause.

He said support for a 24-hour strike by nurses and other health workers in London widened, with workers in five branches of Nalgo, the local government union, deciding to join the action on February 5.

Mr Fowler yesterday sought to turn the fire on Labour, saying Mr Neil Kinnock, the party leader, must "clearly and unequivocally condemn industrial action in the health service."

Labour's leaders have refused to back such strikes, but yesterday Mr Tony Benn and other leaders of the hard left Campaign Group tabled a Commons motion pledging full support for any strike by the nurses.

On the longer-term health funding debate, Mr Moore Continued on Back Page

US brokers halt programme trading

BY JANET BUSH IN NEW YORK

SHEARSON LEHMAN Brothers and E.F. Hutton, the US securities houses which are merging their operations, yesterday announced they were suspending one type of programme trading for their own accounts for an indefinite period.

They are the first securities houses involved in computerised programme trading to respond to investors' concerns about market volatility, which has kept many of them away from the equity market since the crash, and the water criticism faced by programme traders.

The companies said they would stop using programmed trades to arbitrage between stock index futures and their underlying shares in the equity market in response to concerns expressed by institutional and retail clients.

Programme trading is also used to execute portfolio insurance activity, which has fallen off rapidly since October. There was no mention of portfolio insurance in the companies'

announcement.

Post-mortems of the October equity market crash, notably the hedge funds' role in the mission, the task force set up by President Reagan, have focused on the destabilising impact of large-scale, computerised programme selling, both for stock index arbitrage and for portfolio insurance, in the immediate run-up to Black Monday.

The decision to suspend programme trading seems to have been motivated partly by a desire to cooperate in efforts to diminish equity market volatility and so rebuild confidence in the investment community.

Index arbitrage takes advantage of discrepancies between the price of stock index futures and their underlying stocks to capture a virtually risk-free profit. On the Friday before the crash on October 19, programme traders bought significant amounts of futures contracts when they dipped to a substantial discount to the

underlying shares, and sold the actual equities. Arbitrageurs employ the opposite tactic in a rising market.

The New York Stock Exchange's experimental curbs on the use of its electronic order system to execute programme trades influenced the decision by Shearson and E.F. Hutton. The NYSE has extended the experiment to February 5. It was due to end yesterday.

The two companies clearly feel that, while the limits do not make their programme trading any more risky, the suspension of this activity on their own account while the experiments are being conducted would be helpful.

There is also a sense that the companies feel it is to their advantage to take their own measures to restore confidence and pre-empt any possible enforced re-regulation which may emerge from Congress.

This is also thought to be part of the tactics being employed by the NYSE.

Table with financial news items: Government plans for commercial radio, Man in the News, Editorial comment, etc.

Table with market data: FT World Activities, Foreign Exchange, Money Markets, etc.

UN chief urges move on Israel

BY OUR FOREIGN STAFF

MR JAVIER PEREZ DE CUELLAR, the United Nations Secretary General, yesterday urged the international community to make a concerted effort to persuade Israel to "correct its practices" in the occupied West Bank and Gaza Strip, in line with international law.

In a report to the UN Security Council on the recent unrest in the occupied territories, Mr Perez de Cuellar said the underlying problem could be resolved only in the broader context of a Middle East settlement. The best way to achieve that was through an international conference under UN auspices.

Amid continuing international criticism of Israel's handling of the disturbances, the US announced yesterday that Mr Yitzhak Shamir, the Israeli Prime Minister, would visit Washington in March for talks with President Ronald Reagan.

Their discussions are likely to focus on the occupied territories, which will also figure prominently on the agenda for Egyptian President Hosni Mubarak's meeting with Western leaders during an official visit to Europe and the US next week.

Mr Mubarak is expected to present what he describes as a new Middle East peace initiative, which will include calls for a six-month "cooling-off" period in the occupied territories while efforts are made to organise a conference.

The Reagan Administration sought to play down the significance of Mr Shamir's visit, saying it had been planned last November. However, US officials concede that the recent unrest has quickened US interest in peace efforts.

In an American television interview yesterday Mrs Margaret Thatcher, the Prime Minister, also called for bilateral negotiations between Israel and the Palestinians. These would be aimed at self-determination for the occupied territories, and Mrs Thatcher pressed the US to mount a fresh initiative.

The US announcement followed a Soviet proposal for a

special meeting of the UN Security Council at foreign minister level to discuss setting up an international Middle East peace conference.

A State Department official said there was "nothing new" in that idea but admitted that the Administration's own ability to get such a conference underway was hamstrung by Mr Shamir's long-stated opposition.

Israel was also downbeat about the Soviet proposal, saying that involvement in peace efforts by the entire UN Security Council would not be constructive.

The Israeli Government expects to receive clarification of Soviet thinking tomorrow, when Mr Hans-Dietrich Genscher, the West German Foreign Minister who this week met his Soviet counterpart in Bonn, is due for talks in Jerusalem with Mr Shamir and Mr Shimon Peres, the Israeli Foreign Minister.

Yesterday's 16-page UN report, which will be debated by the Security Council next week with Arab foreign ministers present, was highly critical of Israeli actions in the West Bank and Gaza, where nearly 40 Palestinians have died in clashes with Israeli security forces since December 8.

Mr Perez de Cuellar said Israel should accept de jure applicability of the 1949 Fourth Geneva Convention on the treatment of civilians in wartime.

He said it was not practicable for UN forces to protect the population, because Israel would not permit it. However, Israel had accepted international forces in other contexts and such forces could again be helpful.

In the meantime, the International Red Cross provided a measure of legal protection. He had asked the UN relief agency for Palestine refugees to increase its international staff in the troubled area, where it cares for more than 800,000 refugees in 27 camps.

Israeli beatings, Page 2

WEEKEND FT



BACK IN THE CLOSET

The first piece of legislation aimed at stemming the "tide of permissiveness" seems certain to be passed. John Lloyd reports on the implications for the homosexual movement

FINANCE

Planning your pension

TRAVEL

The flavour of Florida

HOW TO SPEND IT

...on gents' suits

ARTS

The discreet charm of Biedermeier

SPORT

The Australian Open

Advertisement for Gartmore investment services, featuring 'more choice' and a list of investment options like Growth Trusts, Income Trusts, and various international funds.



OVERSEAS NEWS

David Owen, at Charlottetown, reports on the isolation of Canada's smallest province

Prince Edward Island ponders prospect of a Flink

FEW BIG engineering projects are destined to enrich the English language. The Channel is one. Prince Edward Island's Flink is another.

With the government-financed ferry service reached fever pitch. When voters among the island's 129,000 population this week turned out to vote on whether they wanted a fixed link, in the province's first plebiscite for 40 years, it was with a certain amount of scepticism as to whether their opinion counted for very much.

On the quaint, red-earthed province's pastoral lifestyle and most of the local fishermen are curiously ignorant of the rich island fisheries.

On the tourism front, federal reports project a demand for an additional 50,000 summer cottage lots if a Flink is built. The local tourism association anticipates that the development would bring an extra 125,000 visitors annually and provide a C\$10m economic fillip.

PEI potato-growers would expect to benefit from reduced transportation costs in an increasingly competitive market. Overall farm cash receipts in 1987 are expected to total a record C\$220m.

respecting the concerns of the many islanders who voted against it. Any Flink would be designed, financed and operated by private interests but would be federally subsidised up to the C\$21m annual cost of operating the ferry. This would pay lip service to the promise that the government would assume all charges for "an efficient steam service" between the island and the mainland, which was part of the price for buying islanders into the confederation in 1873.



Czech PM hits at economic policies

CZECHOSLOVAKIA'S Prime Minister, Mr Ladimir Strougal, has condemned all recent Czechoslovak leaders for failing to carry out economic reforms and to halt Czechoslovakia's descent on the ladder of economically important countries, Leasing Collet reports from Berlin.

Mr Strougal noted that the "political leadership unfortunately always failed - under one person, then another." This criticism amounts to a veiled attack on Mr Gustav Husak, who stepped down as party leader last December. It also implicated the deceased reformer Mr Alexander Dubcek, and the late Mr Antonin Novotny.

HK bid to settle defence cash row

Hong Kong officials met yesterday with staff of Britain's Ministry of Defence, in a bid to find a last-minute settlement to a dispute over funding of Britain's 8,000-strong garrison in the territory, David Dodwell reports.

Terrorists kill 13 in Punjab shootings

Terrorists in the north-western Indian state of Punjab killed 13 people yesterday, including the vice-president of the Bhartiya Janata Party, Mr Khushi Ram Sharma, as part of their campaign for an independent homeland, K.J. Sharma reports from New Delhi.

Bogota-Caracas border talks

The interior ministers of Colombia and Venezuela have agreed to increase the military presence of each country along their border and to co-operate in suppressing guerrillas and narcotics activities in the region, Joe Mann reports from Caracas.

Black mineworkers sacked in S Africa

More than 450 gold miners were dismissed yesterday from the Cooke section of the Randfontein Estates gold mine on the West Rand following fighting in which five miners were killed and 60 injured, Anthony Robinson reports from Johannesburg.

Irish army drafted in over fire strike

The Irish army was drafted in to Dublin yesterday to provide emergency services as fire brigade workers went on strike throughout the city, Our Dublin Correspondent reports.

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Israeli beatings put 200 Palestinians in hospital

BY ANDREW WHITLEY IN JERUSALEM

AT LEAST 200 Palestinians have been hospitalised in recent days with broken bones and other serious injuries since the Israeli Government decided on Wednesday to switch from using live ammunition to inflicting beatings as a means of putting down the uprising in the occupied territories abroad, yesterday sought to deflect the US State Department's fresh criticism of Thursday - arguing that Defence Minister Yitzhak Rabin's reference to "might, power and beatings" had been misreported.

earlier, Prime Minister Yitzhak Shamir had forcefully defended the orders to troops to beat "troublemakers", and insisted that the decision had been a collective one of the entire coalition government.

reported indiscriminate brutality against Arab families involved in protest actions. Security sources yesterday claimed that the Islamic Jihad underground movement had recently infiltrated into Ramallah from its main base in the Gaza Strip, and was becoming the mainstay of the commercial strike in the town. But this leaked claim could well be intended to justify the army's harsh behaviour.

The Israeli Foreign Ministry, acutely conscious of Israel's worsening image abroad, yesterday sought to deflect the US State Department's fresh criticism of Thursday - arguing that Defence Minister Yitzhak Rabin's reference to "might, power and beatings" had been misreported.

In a memorable phrase, Mr Haim Bar-Lev, the Police Minister, yesterday told journalists that the policy on beatings had not "been defined in orthodox terms". He was responding to figures from United Nations clinics and government hospitals showing that some 200 people have been treated for fractures over the past few days.

Among those reported by international relief workers to have been seriously injured are old men and women, pregnant women and - in Gaza City - a 50-year-old disabled man.

Brazil 'set for payments offer'

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

BRAZIL appears likely to make a compromise offer on interest payments to its leading creditor banks in an effort to break their recent deadlock and ease the way towards negotiations on a new medium-term financing package.

Under the interim agreement, Brazil has received nearly \$1bn (\$555m) of new short-term loans and paid nearly \$1.5bn of interest covering the final quarter of 1987, partially ending the interest payments moratorium it declared last February - it has still to pay interest from February to September.

It was reported from Brasilia yesterday that Mr Fernando Collor, the central bank president, would offer next week to pay one-third of interest payments due in January.

Though bankers also feel that Brazil undertook to pay interest from January 1988, it says it cannot do this without an assurance that 1988 interest will be two-thirds financed by the banks. Hence its reported offer to pay one-third.

Bankers said that the offer, if made, would be a positive sign of a conciliatory stance from the Brazilian negotiating team under its new leadership by Mr Malillo da Nobrega, the recently-appointed finance minister.

The Washington Post reported yesterday that Federal records showed that Mr Hart's 1984 campaign had not repaid excessive campaign contributions from 74 people.

Pragmatic, moderate Gonzalez dominates Socialist congress

BY TOM BURNS

SPAIN'S prime minister, Mr Felipe Gonzalez, opened the socialist party congress yesterday in Madrid with an eloquent defence of the economic growth that his government's policies had generated in Spain.

The so-called official sector of the party forms a solid majority behind Mr Gonzalez in this first congress since December 1984. Some 70 per cent of the 861 delegates hold either elected office, which means they have been screened by the party's headquarters, or have jobs in the administration.

There was little doubt that Gonzalez left wing voters would be few and far between and that Gonzalez-style socialism, moderate and pragmatic, would be resoundingly endorsed when the convention ends tomorrow.

The congress president is Mr Eduardo Martin Tovar, a Gonzalez stalwart who is the party's parliamentary spokesman. The economic debates will be chaired by Mr Luis Solana, the national telecommunications company.

Attacking what he called "obsolete formulas" and the ideological conservatism of traditional socialism, Mr Gonzalez said that to create employment and compete with Europe, the thrust of socialist policy should be to attract investment and to maintain high growth.

record on pensions, health care and education. The prime minister was no less moderate, pragmatic and prudent when he turned to foreign policy. "I don't believe in hypernationalism and in anti-Americanism," he said. "Each step we take in foreign policy will be made with our European partners and with our allies."

In his 90-minute speech, delivered without notes, Mr Gonzalez called for an end to bottlenecks impeding economic development. He conceded that cutting red tape was not "specifically socialist" but he urged delegates to have fresh ideas,

Gonzalez: Going for growth and to assume such an objective as a socialist responsibility. Few olive branches were held out to the estranged "fraternal" socialist union, the UGT. Mr Gonzalez bluntly reiterated his long-standing message that wealth has first to be created in order to be redistributed and he defended his government's

Hart rating slips amid row over finance

By Stewart Fleming, US Editor, in Washington

FORMER Senator Gary Hart's campaign for the Democratic Party's Presidential nomination is running into considerable problems and reports that his 1984 Presidential campaign received illegal contributions which have not been repaid and new polls which show him slipping among Democratic voters in Iowa.

Mr Hart's lacklustre performance last weekend in a presidential debate in Des Moines, Iowa, may well have something to do with his sagging popularity.

But another factor is the emergence of Representative Richard Gephardt as a stronger candidate, at least as far as polls are concerned.

The caveat is important for the polls, which are measuring the popularity of candidates in Iowa, the state whose caucus on February 8 represents the first major test of voters' attitudes towards the presidential field, are not necessarily a good guide to an election process which involves hours of debate by the voters rather than just the signing of a ballot or pulling the lever on a voting machine.

A Los Angeles Times poll published yesterday put Rep. Gephardt in the lead in Iowa with 23 per cent, almost double his strength in November. An NBC News poll put Mr Gephardt in the lead.

The candidate has recently launched a new television advertising campaign in Iowa which seems to have had a major impact in raising his profile in the state.

Mr Hart appears to have slipped into fourth place in the Democratic party race behind Rep. Gephardt, Governor Michael Dukakis of Massachusetts and Senator Paul Simon of Illinois, but there is only a spread of 8 percentage points between the four front runners.

The Washington Post reported yesterday that Federal records showed that Mr Hart's 1984 campaign had not repaid excessive campaign contributions from 74 people.

The report could focus new attention on Mr Hart's campaign finances which have already been an issue in the campaign because of the million dollar debt that he incurred in his 1984 campaign.

On the Republican side the NBC poll still had Senator Robert Dole with a comfortable lead over Vice President George Bush.



President Mitterrand guides Chancellor Kohl to a ceremony at Les Invalides in Paris yesterday

Franco-German accord agreed

BY PAUL BETTS IN PARIS

THE FRENCH and West German governments yesterday officially approved the constitution of a Franco-German defence council, a bilateral economic and financial council during celebrations in Paris of their 25th anniversary of their friendship and co-operation treaty.

efforts to reinforce co-operation. The council will include their economic and finance ministers and central bank governors. It will meet four times a year.

The defence council - which will aim to strengthen co-operation between the two countries' armed forces - has received a lukewarm response from several western allies and a distinctly hostile reaction from the Soviet Union. It will meet at least twice a year, said Mr Mitterrand, will be based in Paris.

In a day heavy with symbolism, Paris and Bonn sought to underline the significance of the two new councils and the Franco-German joint military brigade "as signs" of their

However, both new councils have caused consternation in Paris and Bonn and elsewhere.

The two countries said in a statement yesterday the economic council was designed to strengthen co-ordination of their economic policies and contribute to European economic

King Baudouin accepted Mr Claes' request to be relieved of his task yesterday morning. The Belgian King asked him at the start of the month to try to draw up a Government programme and find a coalition capable of carrying it out, but Mr Claes collapsed yesterday that regional and political rival-

Belgium was either objective. Belgium has been without a Government since last month, when the centre right coalition led by Mr Wilfried Martens (Flemish Christian Democrat party (CVP) lost the general election over its failure to tackle a bitter language dispute. The result was no overriding national majority for any party; a swing to the right in Flanders and to the left in the north, where Socialists are in a minority.

King Baudouin was yesterday deliberating his next move. Political observers believe he might turn to the CVP for a new negotiator.

Belgium coalition attempt fails

BY WILLIAM DAWKINS IN BRUSSELS

EFFORTS to form a new coalition government in Belgium collapsed yesterday when Mr Willy Claes, the leading Flemish Socialist, gave up his official mission to seek a working agreement between political parties.

Belgium has been without a Government since last month, when the centre right coalition led by Mr Wilfried Martens (Flemish Christian Democrat party (CVP) lost the general election over its failure to tackle a bitter language dispute. The result was no overriding national majority for any party; a swing to the right in Flanders and to the left in the north, where Socialists are in a minority.

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Chinese achieve surplus on trade

BY ROBERT THOMSON IN PEKING

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Italians seek anti-Mafia muscle

BY JOHN WYLES IN ROME

THE ITALIAN Cabinet yesterday sought to strengthen the State's efforts against the Sicilian Mafia, after a fortnight which has revealed them to be still defiant.

Parliamentarians, too, have rushed to make their contribution. On Thursday, the Senate approved a bill which would revive the Anti-mafia Commission, which was first set up in 1963, but now with much greater powers. This body of 20 senators and 20 deputies will have powers of arrest, as well as access to details of bank balances, company files and even evidence taken by magistrates. This is regarded by some as too great a concentration of authority in political hands and the bill may be weakened by the lower chamber.

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OVERSEAS NEWS

Aquino exhorts landlords to allow land reform

BY RICHARD GOURLAY IN MANILA

PRÉSIDENT Corazon Aquino of the Philippines yesterday told land-owners to stop resisting land reform and repeated that her family's huge sugar estates would be subject to whatever law Congress enacts.

Six months ago, the president signed the Comprehensive Agrarian Reform Programme after months of intense debate, but was criticised for letting Congress decide crucial issues such as when to redistribute sugar lands and how much land a landlord may retain.

of the troops that shot the demonstrating peasants and was temporarily relieved of his command, although a report on the incident was inconclusive.

Korean unity 'by 2000'

PRÉSIDENT Chun Doo-hwan of South Korea said yesterday his country and North Korea could be reunited by the end of the century under the leadership of the South, AP reports from Seoul.

Foreign investment in S Korea triples

DIRECT foreign investment in South Korea in 1987, led by Japan, rose to a record \$1.06bn, having tripled from \$364m a year ago, the Finance Ministry stated yesterday, AP reports from Seoul.

Investment from Switzerland rose 76.5 per cent to \$55.6m, followed by Britain with \$48.2m, up 214 per cent, and the Netherlands with \$45.9m, up about 800 per cent.

Catherine Bond reports from Quetta, Pakistan Afghan refugees cluster wearily in fear of the future

SOVIET Foreign Minister Eduard Shevardnadze's statement that 1988 should be the last year of the Soviet occupation of Afghanistan, a politician by war-weary refugees here.

first-aid post on the border every day, and more than 100 are hospitalised at Quetta each day. For more than 3m Afghans in Pakistan, the problems of refugee life look set to continue for some time.

Surkhab - the largest settlement, with up to 150,000 inhabitants. Last week, an old man outside Surkhab told me that the refugees had received no rations since they arrived three months ago.

MAYFAIR CARPET GALLERY CLOSING DOWN SALE 75% OFF LAST TWO WEEKS... FOR EXAMPLE: KASHMIR BOKHARA SIZE 6 x 4 £150

UK NEWS

Kevin Done on the task facing the group's British-born head of European operations Ford's chiefs make a smooth gear change

FORD, THE second largest US motor car company, has this week carried out a more orderly reshuffle of the top management of Ford of Europe after crashing the gears last year.

of the office of the chief executive, which was itself reshuffled last October.



Alex Trotman: competition on the increase

to Ford's Sierra, which last year took third place in the UK sales league behind the Escort and the Fiesta.

State University. He has divided most of his career for Ford between the UK and the US and has dual citizenship.

BP shares at pumps considered

BY STEVEN BUTLER BEFORE very long, those promotional vouchers that British Petroleum gives out when the motorist fills up his tank might be good for more than just miniature cars and trucks.

Panel criticised over Guinness case letter

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT THE TAKEOVER Panel displayed a remarkable lack of consistency about the content of a letter on which it largely based its decision that Guinness had taken part in a concert party purchase of 10.6m Distillers' shares in the closing stages of its bid for Distillers, the High Court heard yesterday.

SmithKline to fund bioscience

BY DAVID FISHLICK, SCIENCE EDITOR A SUITE of laboratories devoted to molecular medicine is to be funded by SmithKline Beecham, the US health care group, at a cost of more than £1m.

Irish may seek ban on N-test

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Britoil acquires Africa blocks

BY MAX WILKINSON BRITOL, the UK oil exploring company which is the subject of an unwelcome bid by British Petroleum, has acquired significant exploration acreage in Africa.

Alcohol use 'not directly linked to advertising'

BY LISA WOOD THE FACT that per capita consumption of alcohol in Britain has fallen by 2.6 per cent since 1980 while alcohol advertising expenditure has risen by 21.1 per cent was used by the Advertising Association yesterday as evidence that there is no direct correlation between advertising and consumption.

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BUILDING INDUSTRY The Financial Times proposes to publish the above survey on Tuesday 9th February 1988 Topics for discussion include: Introduction, The Japanese Invasion, Private Finance, The Channel Tunnel, Building Materials, The Internal Market, House Building, Offices, Industrial, Retail, Planning, Roads



UK NEWS

Alliance & Leicester goes into commercial property

BY RICHARD WATERS

THE INTEREST of building societies in commercial property development was confirmed yesterday when Alliance & Leicester announced a £200m fund to finance non-residential schemes. It follows a £40m investment by Abbey National in a single development in west London, reported yesterday.

Dixons probed Woolworth chiefs

By Ralph Atkins

DIXONS, THE electrical retailer, carried out wide-ranging investigations into the business and employees of Woolworth Holdings in 1986, it emerged last night. The investigations took place during Dixons' failed £1.8bn bid for Woolworth and afterwards. Its activities appear to have gone beyond normal behaviour during contested takeover bids. Last night Dixons risked to reveal its findings.

Alton's abortion bill wins through

BY IVOR OWEN

A COMFORTABLE 46 majority ensured a second reading for the bill to reduce the legal upper limit for abortions from 28 weeks to 18 in the Commons yesterday.



David Alton flanked by Clare Short and Elizabeth Peacock.

It marked a personal triumph for Mr David Alton, Liberal MP for Liverpool, Merseyside, and chief sponsor of the private member's measure. His success contrasted with the see-saw nature of a fiercely argued and at times passionate debate.

Opponents of the bill, who fear that it will prove to be the precursor of far more restrictive legislation, refused to be mollified by assurances by Mr Alton and his supporters that consideration would be given during the committee stage to changing the proposed upper limit to 22 or 24 weeks.

The arguments cut across party lines and at one stage Ms Clare Short, Labour MP for Birmingham Ladywood, underlined the unusual experience of attracting support from the Conservative benches as she protested against the predominantly male House acting to limit the freedom of women to order their own lives.

Mr Alton maintained that the bill constituted a legitimate review of public policy, and that since the law was relaxed in 1967 Britain had seen devastating numbers of abortions on demand. No one, he said, could be sanguine about late abortions. The fact that many of them were carried out in private clinics for women from overseas was an added cause for concern.

Row over health funds grows

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

HOSPITAL consultants yesterday backed the presidents of the royal medical colleges in an argument with the Government over whether Mr John Moore, Social Services Secretary, should extend funds for the hospital sector.

It will charge 2 per cent over Libor and at the same time take a 40 per cent in the final profit of the scheme. That would ensure a return of about 15 per cent, said Mr Durward - substantially higher than the its current domestic mortgage rate of 10.275 per cent.

Under the act, 75 per cent of loans must be to residential owner-occupiers. Of the rest, at least 10 per cent must be in form of loans secured on land, such as loans for commercial development.

Both executives played a leading role in defending Woolworth Holdings from takeover when Dixons launched its bid in April 1986. The bid failed in July 1986 after Dixons was issued a writ for breach of contract.

British Coal house buyer may withdraw

Financial Times Reporter

LANCASTER Housing Association yesterday said it was willing to withdraw from a \$7.5m deal to buy 1,400 British Coal houses in north Nottinghamshire.

More details wanted on superconductor research

BY DAVID FISHLICK, SCIENCE EDITOR

ALL PROPOSALS for government research funds for high-temperature superconductors, reviewed by the expert committee of the Department of Trade and Industry this week, have been returned with requests for more details.

Job severance plan

BOLLS-ROYCE, the aero-engine maker, yesterday said it has set up a voluntary severance programme.

Thomas Cook wins deal with building society

BY DAVID BARCHARD

THOMAS COOK Financial Services has won a contract to supply a range of services to Birmingham Midshires to grow to about £30m.

Tax change for life contracts

BY ERIC SHORT

THE INLAND REVENUE is withdrawing tax privileges granted to certain types of life insurance contracts after receiving legal advice.

BA launches US holidays campaign

By David Churchill, Leisure Industries Correspondent

BRITISH AIRWAYS has launched a £1.7m drive to persuade UK holidaymakers to take advantage of the strength of the pound against the dollar and travel to the US.

Allied Dunbar 27% ahead

By Nick Barber

ALLIED DUNBAR, the UK's biggest unit-linked life assurance company, outpaced its nearest rival Abbey Life last year with close to a 30 per cent rise in its new business.

Confused with kindness in the healthy eating debate

Lisa Wood looks at the dietary options on vitamins and minerals

YEARS OF publicity and debate over eating habits have left British supermarket shelves awash with allegedly healthy products, scoured of additives, sugar and fat and fortified with nutrients and fibre.

Confused with kindness in the healthy eating debate

Department of Health for daily inclusion in the diet. They are energy, protein, thiamin, riboflavin, vitamin C, vitamin A, calcium and iron.

ence from Dartland, supported by a similar study among juvenile delinquents in the US, will be closely examined by the medical establishment.

measured overseas. In the US, for example, there are 100 recommendations for daily intakes including selenium, iodine and vitamin K, with some RDAs well above British recommendations.

food labels, the shopper might be overwhelmed by the weight of information. There is the risk that the consumer could become alienated by the whole issue.

Some people may have deficiencies because of their lifestyles or age. Research has shown that smoking can cut the body's absorption of vitamin C and that excessive alcohol consumption (over a bottle of wine a day or its equivalent) has adverse effects on almost every vitamin and on many minerals.

Some UK tour operators claim that demand for US holidays is rivalled that for the Mediterranean. Mr Roger Hodge, managing director of Intasun, said: "We are selling more holidays to America than to Corfu this summer, more than to the Costa del Sol, and almost as many as to Sicily."

GRANVILLE SPONSORED SECURITIES table with columns for High Low, Company, Price, Change, % P/E, and % YTD.







**FINANCIAL TIMES**

BRACKEN HOUSE, CANNON STREET, LONDON EC4 4PBY  
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Saturday January 23 1988

**Why prudence is best**

WHATEVER the economic weather, the British budget comes in the Spring. Sometimes, as now, it is a day approaches when the weather forecast is particularly uncertain. In the past, the managers of the economy would have regarded such uncertainty as a major problem. The present Government can, however, argue that the very uncertainty justifies their basic approach, which is to set the budget in the light of a robust medium term strategy.

Ever since Black Monday the entrails of each successive statistic on the economy have been nervously examined for signs of a slowdown in UK growth, with many already calling for offsetting stimulus. This week a few pieces of evidence appeared to support their view.

Figures on consumer spending for the fourth quarter of 1987, for example, indicated that it was only 0.1 per cent above the level in the previous quarter. The volume of retail sales (seasonally adjusted) fell in December 1987 by 1.1 per cent below the level for November. Meanwhile, the output of British manufacturing fell by 0.5 per cent in November, compared with the level for October.

**Record amount**

To draw conclusions from these scraps of information would be just the mistake one sees in the foreign exchange markets, which now dance to the tune of the US monthly trade figures. The evidence on the UK economy needs to be put in a longer term context. Consumer spending, for example, was 5 per cent higher than the corresponding period of 1986. Similarly, retail sales in the three months to December were 5 1/2 per cent higher than in the last quarter of 1986. Again, industrial output in the three months to November was 6 per cent higher than in the corresponding period of the previous year.

Moreover, this week saw the publication of one piece of information, the figures on bank lending and broad money, that went in the opposite direction to the rest. Seasonally adjusted bank lending in December soared by a record amount of £4.9bn. Over the year to December sterling M3 has risen by 22.8 per cent.

Money supply figures have so long been the skeleton at the British feast that they have now been put firmly in

the cupboard. Ignoring this inconvenient messenger may well turn out to be right (though it is those who did not ignore it who were most accurate in their forecasts for the rate of growth in 1987). People may, indeed, be prepared to increase their liabilities merely to put the proceeds in their bank accounts. But the preference for liquidity, it should be remembered, is unstable in both directions.

The belief that there is a slowdown, which the Government must act to offset, is held most strongly by those who never believed that long term fiscal prudence would be compatible with rapid growth. They have been proved wrong. Theirs are not the voices to which the Chancellor needs to listen or, indeed, is likely to.

**Clear evidence**

The case for budgetary caution can, therefore, continue to be supported by what is known of the performance of the economy. It can also be supported by the now successfully proven basic framework in which fiscal policy has been set over the past eight years.

But what should be done if the economy does, indeed, slow down when the budget is already behind us? A more satisfactory way of maintaining growth than stimulating consumer demand would be to combine tight fiscal policy with a reduction in the rate of interest and the rate of exchange, but only after there is clear evidence of a decline in upward pressures on earnings. To stimulate demand before such a decline would be risky. To respond to such a decline by action to lower the cost of investment and increase the incentive to export would be appropriate.

Everyone wants to see the rate of growth of the past year maintained, but to be sustained it has to be non-inflationary. If there were to be a decline in wage pressures, the combination of a tight fiscal policy with lower interest rates could allow the UK to move into a new phase of non-inflationary investment-led growth. But when one of the week's principal news stories is of a threatened strike at Ford, those with long memories will fear that the new British miracle still has features of the old British disease. It would be best to forget the weather, remember the British climate and button the fiscal raincoat tightly.

**Raymond Snoddy looks at the British Government's plans to expand commercial radio**

MR IAN ANDERSON is the sort of law-abiding Shetland Islander who does not even get parking tickets. But since November 28 he has been ostentatiously and unashamedly breaking the law 24 hours a day, seven days a week.

After nearly 20 years of trying unsuccessfully to persuade postmaster generals and home secretaries to allow him to launch a local radio station for the 23,000 people of the Shetland Islands, he lost patience and became a pirate. Yesterday, as sleet combined with ice to make driving conditions hazardous in the island's main town of Lerwick, the Shetland Islands Broadcasting Company was updating its weather reports eight times an hour.

The company, with authorised share capital of £160,000 and longer-term plans to raise £500,000 for more powerful transmitters, charges 25p for advertisements of up to one minute with generous discounts available for repeats.

In Lerwick, where the local fire engine putting out a fire in a car's brakes is news, Mr Anderson's main difficulty is finding new things to broadcast to locals who keep their radios permanently tuned to their new station.

He has not had problems with the Department of Trade and Industry, which has been studiously ignoring his pirating of the airwaves. The Government is now moving towards a much greater tolerance of radio diversity; this week it announced plans for a vast expansion of commercial radio in the United Kingdom. Enter Mr Michael Green, who lives in London's Mayfair.

Like Mr Anderson, Mr Green wants to run a radio station. He is not, however, a pirate (or "unlicensed broadcaster" as they call themselves). Mr Green is Chairman of Carlton Communications, the fast expanding television services company with a stock market capitalisation of around £500m. He intends to bid for one of the three new national commercial channels due to become available in sequence from 1990 and has already researched the likely market for a mainstream music and speech channel with a touch of nostalgia.

Mr Anderson and Mr Green, separated by hundreds of miles and hundreds of millions, are united in the welcome they give to plans for several hundred local and community stations, possibly as many as 500, as well as the three new national commercial channels.

As Mr Douglas Hurd, the Home Secretary and the Cabinet minister responsible for broadcasting policy in the UK, said this week, although standards have been high, Britain has had less radio than many other countries. "In many parts of the country, listeners have no service other than the BBC. There are many tastes and interests which existing services can at best satisfy only to a limited extent."

The Government remedy for this deficiency, in a new broadcasting bill to be introduced this autumn, involves a sharp nudge towards licencees and the free market although it falls short of complete deregulation.

The proposals - closely echoing the green paper Radio Choices and Opportunities published last February - are a sharp break with the past. The 49 independent local radio stations, set up by the Independent Broadcasting Authority over the past 15 years have, under existing legislation, been expected to mimic the tenets of public service broadcasting: to inform and educate as well as entertain. At the



**Tuning in to Radio Diversity**

same time they are dependent on attracting advertising revenue.

The struggle to reconcile these two demands means that many of the stations, apart from the big city stations such as Capital and LBC in London, have found survival a financial struggle. Last year there was a spurt in revenue to a record £99m. Even so, commercial radio revenue in the UK has stubbornly stuck at just over 2 per cent of total national advertising compared with around 9 per cent in Australia, 13 per cent in Canada and 10 per cent in the US.

In the new radio regime this conflict will be relaxed. There will be no public service obligations for local commercial stations. Under a new Radio Authority, which will take over the regulation of commercial radio from the IBA, local stations will be able to broadcast more or less what they want, subject to minimum technical standards and requirements of security, balance and decency. Under threat, a full IBA meeting on Thursday decided to re-emphasise the IBA belief that it had the skills and experience to take the proposed new radio system forward, saying that it will continue to press for a system that will provide the best service for UK listeners.

Applicants for the national channels will first have to demonstrate that their plans widen consumer choice and offer internal variety - 24-hours-a-day pop stations need not apply. After that, the eight-year licences will go to the highest bidder. The hope is that the new national channels will lead the way in an explosion in the number of

stations which is matched by a similar explosion in advertising revenue.

There will probably be no shortage of applicants for the national channels. Runners are already identifying themselves. Carlton Communications, Capital and Mr Richard Branson's Virgin Group are expected to bid. So too are Red Rose Radio, a successful commercial radio station in the Preston and Blackpool area; and Chalfont Communications, the Australian broadcasting company which has a 49 per cent stake in LBC and minority interests in 12 other ILR stations.

**Although standards have been high, Britain has had less radio than many other countries**

Several hundred applications of varying degrees of seriousness are expected for local and "community of interest" licences. These will include Spectrum in London - a consortium containing representatives from the Jewish, Arab, Greek, Spanish, Chinese and Italian communities. Spectrum is hoping for a licence allowing it to broadcast within a 10 km radius of central London, and the hours of ethnic broadcasting will be split up between the different groups. The Arabs want the late night hours, the Jewish community probably early evening, with the Chinese choosing late afternoon to be able to catch restaurant staff who work in the evenings.

you value a national frequency? Is it worth £5m? Or £20m?" asks Mr Robert Devereux, Managing Director of Virgin Communication, who fears that even companies like his own which have specialised knowledge might be outbid by major new players who have yet to disclose their hand.

Will advertising expand fast enough to finance the new diversity and how will the increased competition affect the BBC, which has been told to get on with the provision of public service broadcasting? The Corporation will however have to hand over two of its national frequencies to commercial broadcasting by ending simulcasting, the simultaneous broadcasting of the same programme on both medium wave and VHF to increase audience reach and reception.

Dr Brian Sturges, advertising analyst at stockbrokers BZW, is sceptical that the market will grow fast enough to pay for all the choice that is theoretically available. BZW is forecasting that the total UK advertising cake, estimated at £5.8bn in 1987 will show real growth of 7 per cent this year. "Even if radio doubled its share, what would be a great achievement, it would not be enough," says Mr Sturges.

Mrs Jocelyn Hay, chairman of Voice of the Listener, an organisation set up to support quality in sound broadcasting has worries of a different and deeper kind. "The Government," she says, "has combined some of the worst elements of the American system with the worst of the French and Italian systems in terms of numbers of stations."

There are 10,230 radio stations in the US, between 20 and 30 in most large cities. But although there is enormous diversity of music and language, radio drama is virtually non-existent and documentary and analysis a rarity.

In France the Commission Nationale de la Communication et des Libertés, modelled on America's FCC is engaged in a tortuous process of re-regulating the country region by region after a vast explosion of 1984 broadcast in UHF stereo sound to the people of Stockport and south Manchester until six raids by DIT inspectors made the project unviable. Mr Turner claims that in October 1984 local BBC audience research showed that KFM had 91 per cent of Stockport's weekly listening among 15-30-year-olds.

The big battle will however come over the new national channels. Mr David Maker, Managing Director of Red Rose, which controls ILR stations Radio Aire in Leeds and Red Dragon in Cardiff, plans to set up a new 50-60 joint venture with Mr Andrew Lloyd Webber's Really Useful Company to bid for a channel containing light classical music with a strong news output and educational material. "It will not quite be The Guardian or The Independent of the air but not far off," Mr Maker said yesterday.

Yet although there has been general welcome for the concept of more - and more diverse - radio in the UK a number of serious questions remain. Is it wise to specify that each of the national channels should display internal variety when the trend in countries like the US has been towards single format radio-channels targeted at a particular audience segment such as all-classical or all-reggae radio? Is it wise to put the national channels out to the highest bidder (after an initial programme quality test), effectively excluding all but substantial companies. "How do

"I AM a builder, not a raider," insists Mr Carlo De Benedetti, the Italian businessman whose stock market coup against Société Générale de Belgique has created unprecedented excitement in a country largely unfamiliar with hostile takeover bids.

Mr De Benedetti, 53, hit town this week more like an American presidential candidate than a conventional businessman. He left his powerful opponents faltering (though now fighting back). He skillfully manipulated the media and the political establishment; and he has conjured up just the right vision of the future for a city which houses the headquarters of the European Community.

Behind the gloss, however, a question remains unanswered. How realistic is Mr De Benedetti's "grand design" of establishing Europe's first trans-national holding company in preparation for the EC's unified internal market in 1992? Is it really a coherent, achievable aim? Or given the strong nationalistic feelings which his share buying has inspired - is this just a spectacular piece of financial wheeling and dealing of the type for which he is already well known?

The suggestion that Mr De Benedetti may be in for a quick turn provokes a visible flash of anger. "I am not an asset stripper," he says. "People should be judged on what they have achieved in their lives and I started 29 years ago as a modest industrialist employing just 50 people. Today my companies employ 100,000 all over Europe." This financial and industrial empire - controlled by the Italian holding company Cofide in which his family has a 47 per cent stake - enjoys combined sales of around \$14bn. Even after the stock market crash it is capitalised at roughly \$9bn. As recently as 1984 the group was still dominated by Olivetti, which then accounted for 90 per cent of all the

**Man in the News**

Carlo De Benedetti

**Out to win Europe with charm and money**

By Tim Dickson



assets, but, following a dizzy series of acquisitions in the last three years, Mr De Benedetti's interests now range from food, publishing and car components to machinery and financial services. Mr De Benedetti's admirers point to his infectious energetic management style, his keen eye for a deal, and his ability to forge cross border alliances with powerful names in the industrial and financial field (shareholders of Cofide include Shearson Lehman of the US, Nomura Securities of Japan and the UK merchant bank SG Warburg.) His critics wonder if the bandwagon is now moving too fast and if his strategy

for Société Générale de Belgique has been fully thought through. "There is no doubt that 'La Générale' was a sitting duck. Uninspiring profits, undervalued assets, largely inactive management (until recently at least) and large numbers of small shareholders are ideal ingredients for someone prepared to think on the Italian's scale. Mr De Benedetti, however, strongly affirms that his plans are long term and is keen to draw a clear distinction between this operation and his decision last week to sell his recently acquired 4.9 per cent stake in Pearson, which owns the Financial

Times, to Mr Rupert Murdoch for a \$32m profit. "That situation was completely different," he explains. "We agreed not to increase our participation, it was a financial investment and we were supporting management. At the time I couldn't explain why we had to sell quickly but it was because we were preparing for the Société Générale deal. This time we already control 15.6 per cent, we have said we will make an offer for part of the rest, and we are asking for a leading role in the company." Mr De Benedetti explains that he does not want control in the Anglo Saxon sense of owning 51 per cent. He wants

to become what he calls the "reference shareholder", enabling him to direct the company's strategy and dictate management decisions. "I believe that there is a clear role for the leading shareholder in a company. I do not believe in companies where there is no shareholder setting out the objectives."

In his case Mr De Benedetti's objectives are clearly inspired by the 1992 deadline for the completion of the internal European market. Mr De Benedetti cites not only the opportunities which this will create but the wider need for companies to think on a European scale to take on the competition from the US and Japan. "As quickly as possible we have to move to a managerial concept of the unified market."

Mr De Benedetti claims that he can see "good geographical synergy" between, say, Société Générale's insurance interests and insurance companies in his own group.

"The words that come to mind for the Belgian group are modernisation and rationalisation. They have investments in more than 1,200 companies and, if you divide this into the consolidated balance sheet, the size of their average investments is very small. They have done a lot of things in the last few years but more needs to be done."

"The key to my strategy is forming alliances - cooperation, not domination," he says soothingly. "In the last few years I have been able to build up a network in Italy and we have done the same in France through our holding company Cerus, where shareholders include the Suez Group, UAP and Banque Nationale de Paris. Cerus is the model for France and we will apply that to Société Générale de Belgique. I don't exclude the possibility that one day we will merge the two companies."

**Johannesburg Consolidated Investment Company, Limited**

(Incorporated in the Republic of South Africa - Reg. No. 0190429/006)

**Highlights from the Consolidated interim results to 31 December 1987 (Unaudited)**

	Six months to 31.12.87 Rm's	Six months to 31.12.86 Rm's
<b>Profit before taxation</b>	100.5	121.9
<b>Profit after taxation</b>	138.9	94.1
<b>Profit attributable to ordinary shareholders</b>	137.3	91.1
<b>Ordinary dividends</b>	44.2	36.9
<b>Earnings per share</b>	1,862 cents	1,236 cents
<b>Dividend per share</b>	600 cents	500 cents

Profits attributable to ordinary shareholders included a special non-recurring dividend of R36.8M from Rustenburg Platinum Holdings Limited arising from the flotation of Lebowa Platinum Mines Ltd.

Interim Dividend No. 124 of 600 cents has been declared payable to shareholders registered on 5 February 1988. Date of payment will be 7 March 1988. (Currency conversion date 23 February 1988). Holders of share warrants to bearer should attend to the terms of a notice to be published late in February 1988.

The full interim report will be posted to shareholders and copies can be obtained from the London Secretaries, Barnato Brothers Limited, 99, Bishopsgate, London EC2M 3XX.



THE WORLD boomerang-throwing championship starts at Ayer's Rock in May. This follows the 12-stage Great Australian Camel Race and the gumnut underarm throwing competition, but is well ahead of the world coo-socking contest and the quart pot boiling championship.



Canberra to open the new Parliament House, the largest and most expensive public building in Australia, and to Brisbane to open 'Expo '88, which carries the appropriate theme of Leisure in the Age of Technology. The Prince and Princess of Wales will also visit. So will the Duke and Duchess of York, and Mrs Margaret Thatcher.

settlement with a spate of ceremonies, parades, events and convivial gatherings.

The anniversary itself is next Tuesday, January 26 - Australia Day. In the early days of settlement this was not an occasion for celebration, most Australians had arrived involuntarily and they hoped, temporarily. But by 1888, all the Australian colonies joined New South Wales in celebrating the centenary of the Sydney landing of Captain Arthur Phillip and his 759 convicts. It was very much a New South Wales affair, but the idea of Australian nationality had taken root.

Australia Day coincides conveniently with the summer holidays, and usually gives little pause for reflection. This year things will be different. The chain of celebration circles and crosses the country. In Sydney, there will be a ceremony to commemorate the founding of New South Wales and the completion of a controversial re-enactment of the First Fleet's original eight-month voyage from Port Jackson.

Other, less tasteful, ideas have been dropped - such as the plan for a giant steel birthday cake above a flyover near Sydney's sleazy King's Cross.

The bicentenary public works have been an important economic stimulus. Apart from Parliament House in Canberra, there is a large national road-building programme, the creation of various commemorative parks and memorials and, in Sydney, the controversial Darling Harbour redevelopment. Hundreds of businesses chosen as licensees to produce official

marked out in celebration the bicentenary, stretching from Melbourne north to Cairns on the Queensland coast. It will be the longest in the world, taking travellers through mountain snow, river gorges and tropical rain forest.

There is the Australian Bicentenary Exhibition, billed as a pageant of past, present and future and aiming to involve millions of people directly in the bicentenary through 34 towns and cities. There are 5,000 km National Trail too, which has been

souvenirs are making a steady profit. And everyone hopes to gain from the flood of tourists expected throughout the year.

The government's heavy involvement in the bicentenary celebrations has prompted suggestions that it is too much the host - that the people are merely the guests. Some cynics (and they are numerous) point out that Mr Bob Hawke, the Prime Minister, hoped at one stage to use the occasion to help his Labor party win the general election. In fact he won his historic third term last July before the bicentenary year began, and it is now Mr Barrie Unsworth, the New South Wales state premier, who is looking to the bicentenary to help him continue more than ten years of Labor party rule at the state level.

For all this, most Australians feel, rightly, that they have much to celebrate. But they also have much to reflect on. And despite peevish comment by expatriate Australians, they are doing just that - asking themselves about their past and looking seriously to the future.

In particular, the fate of the 225,000 indigenous Aborigines has come to the fore this year, prompted by vocal protest by the blacks but also by a pricked white conscience and a free press. Australia's recognition that this is a community under stress is similar to the Americans' rediscovery of the harsh truth about the Red Indians a few years before their own bicentennial in 1976. In their case it was through Dee Brown's book, *Bury My Heart at Wounded Knee*.

This week convoys of buses and cars are converging on Sydney for protests by Aboriginal groups. The organisers talk of a "Day of Mourning", but many participants say they will be celebrating their survival. As long as the demonstrations are vocal rather than violent, they will be officially tolerated.

Should they turn nasty, everyone stands to lose. A hundred years ago, it was the convict experience which marked the bicentenary celebrations and no thought was given to the Aborigines. Today, there is a mature acceptance that there is an Aboriginal problem and a willingness to face it.

At the end of 1988, when all Australians return to their more immediate woes, they may see the bicentenary as an anti-climax. But the process of celebration - and of protest - will have given them a clearer idea about their identity and their nationhood.

Chris Sherwell

THE HOUSE OF COMMONS has started to become interesting again. After more than four years in which the odds have been heavily stacked in favour of a self-confident Government, there have at last been signs of life on the Opposition side.

The current row over the funding of the National Health Service has provided the Labour Party with an opportunity and forced the Government on the defensive in a way hardly seen in the last parliament. Unlike, say, the Westland affair, this is an issue about which voters care.

A little-noticed section in the latest Gallup poll in the Daily Telegraph shows that 39 per cent of voters now see health and hospitals as the most urgent problem facing Britain - up from only 6 per cent only two months ago, and even higher than unemployment. This is the obvious explanation for a narrowing of the large Conservative lead in the last two opinion polls.

That concern has registered with MPs. Health has dominated the twice-weekly Prime Minister's questions since well before Christmas, accounting for three-quarters of the exchanges. The issue also enabled Labour to mount its sharpest attacks for several years. First, during the debate on the Autumn Statement ten days ago, Mr John Smith and Mr Gordon Brown from Labour's economics team

### The British Government is on the defensive about health care. Peter Riddell reports

## Fresh transfusion for Labour

showed that even Treasury ministers as impressive as Mr Nigel Lawson and Mr John Major are going to be fully tested.

Similarly, last Tuesday, Mr Robin Cook, Labour's social services spokesman, secured nods of agreement from some Tory MPs, as well as smiles. He noted, for instance, a speech by former minister Sir Rhodes Boyson who had advocated an insurance system with the Church of England catering for those who could not afford insurance. That, as Mr Cook, an MP for near Edinburgh dryly noted, "does not seem an adequate solution for those who live in Scotland."

The health issue has also provided an opportunity for Dr David Owen - an ex-former minister as well as former SDP leader - to get back into the political mainstream. With his usual sensitive political antennae he has seized upon the question of funding nurses pay and is using it to press ministers.

combated simply by reason. Mrs Thatcher can, and does at every question time, relentlessly recite statistics showing how many more patients have been treated annually since the Tories came to power in 1979, how many more nurses and doctors there are and so on. But as Tory critics like ex-minister Mr John Biffen have pointed out, "there is no way that the public will be convinced that bed closures, ward closures or hospital closures are consistent with an adequate health service, even if the number of operations and the amount of expenditure are at record levels."

As Mr Cook argued on Tuesday, the debate is more about political values than public spending priorities. The health service retains a favourable public image long after other parts of the post-war political settlement - the schools system and nationalised industries - have lost support. Nurses still have popular sympathy, in the way that coal-miners used to have but no longer do.

Even though the opposition has the initiative on the issue, the Labour leadership has had to tread carefully - not focusing too much on individual cases of hardship, not asking for unbelievable amounts of extra money, and not appearing to encourage strike action by nurses.

Not all Labour MPs have been so careful. Indeed, the growing threat of strikes by nurses and other hospital staff has enabled Conservative ministers to counter-attack - in a concerted campaign of speeches yesterday - by warning of the possible damage to patients and by seeking to distinguish between allegedly unpopular public sector unions like Nupps and the "responsible" anti-strike Royal College of Nursing.

While the threat of strikes has united Tory MPs, and may, ministers hope, shift the propaganda battle, it will only provide a breathing space.

The Government has, until the last day or two, been on the defensive not just because of the emotional nature of the debate but also because of a lack of political direction. This is partly bad luck because of the absence of Mr John Moore, the Social Ser-

vices Secretary, through illness for the final two months of last year.

Mr Moore - now described by the Fleet Street tabloids as either beleaguered or embattled - is not yet fully back into his stride and has had a rough week. His speech in Tuesday's debate was robust, but failed to defuse the row, and in the past two days he has suffered the embarrassment of having his suggestion of tax relief for private health insurance knocked down elsewhere in Whitehall.

After earning compliments for many years, Mr Moore is now realising how unkind politics can be. Admittedly, he has always been regarded by some colleagues as a better implementer than initiator. But now he faces a tougher test by Westminster gossip, though he is assured of Mrs Thatcher's support, at least for the time being.

There have, however, been signs in the past few days of the Government at last pulling its case together. Ministers claim general support among MPs for the view that more money alone is not the answer - dismissed on Tuesday by Mr Norman Tebbit as

"drip-feeding £100m by £100m to those who complain the loudest" - though many Tory members believe more cash will have to be part of any broader package.

The Government's immediate problem is that because of the strength of public finances it cannot argue a shortage of money. However, in face of a Labour campaign to "make Budget day, National Health day," Major and Mrs Thatcher have ruled out additional spending in the Budget. But more cash will be provided, probably through Treasury funding of most of the cost of the restructuring of nurses pay, which is now being considered by an independent review body. But that will not be until April.

The key is the view of Mr John Major, the Chief Secretary to the Treasury, that questions about differences in performance between hospitals have to be answered before it is clear whether a change of funds is the problem.

Hence there is to be an emphasis on improving efficiency, increasing revenue and attracting greater



Robia Cook, Labour's social services spokeswoman

resources from the private sector, as occurs overseas. More radical options are now on the agenda as a result of the current row, though some may not be implemented until after the next election.

Labour leaders sense that they are at last on to an issue where they are in tune with public opinion. One senior minister complained impatiently yesterday, "We've got to get it off the front pages, and that needs a political lead."

### David Steel's leadership

From Mr Michael Meadowcroft. Sir, My publicly expressed criticisms of David Steel's style of leadership by announcement, rather than with consultation, are by no means adequately expressed by being foreshortened in the two starburst reports in Michael Cassell's paper (January 20).

David's lack of judgement has been, in my opinion, related to what his party would support. On many specific issues over the years his judgement has been accurate and his responses welcomed, but on occasion he has chosen to confront his party unnecessarily, with unfortunate consequences.

### House ownership tax should be avoided

From Mr Glenn Davies. Sir, Samuel Brittan says (January 14) that the government has shown no "interest in the taxation of the imputed income from home ownership." Indeed the government has gone to the other extreme, because it is proposing to abolish the pres-

### Letters to the Editor

ent tax on home ownership: local authority rates.

One of the reasons why the government is choosing to abolish rates is the difficulty of assessing rateable values. Clearly an imputed income tax would run into the same assessment problems. However, there are other reasons why such a tax should be avoided.

It would reduce labour mobility - one of the fundamental problems of the UK economy - even further. And if the tax were related to the market value of houses, the disincentive to moving from the north to the southern region in search of employment would be even greater.

This tax is likely to be very regressive, affecting most those citizens least able to pay. It is not currently on the government's agenda; let us hope it stays that way.

Glenn Davies, CL-Alexanders Leasing & Crutchbank, Peveroy House, 7 Copthall Avenue, EC8

### Window tax is not devoid of potential

From Mr W.H. Bailey. Sir, Does not the re-introduction of window tax solve all the problems of raising local government finance? A window tax is not a new tax, it is a tax on windows. Yes, the elderly could be helped up windows in unwanted rooms rather than be forced from their homes. Industry would gain at the expense of the retail and commercial sectors. And the existing anomaly of relief for agricultural land would disappear, because mere land would bear no tax.

From the economic point of view it would inject much needed flexibility. The taxpayer becomes free to adjust his liability in the light of necessity, without permanently sacrificing his production potential.

With the aid of high-speed photography it would be as simple and as cheap to collect as rates. The impact on the careers of district valuers and local government officers would be minimal; they would substitute measuring windows for measuring buildings. Yet window tax is not devoid of that potential for subtle graduations by which public servants enhance a simple tax into a fair one.

Closer examination yields a stream of benefits. Blocking up unwanted windows improves the insulation of buildings, reduces theft and vandalism, and would create thousands of jobs - particularly in the depressed regions (with surplus buildings). The monstrous glass

streets of the City would lose ancient buildings with smaller windows would gain.

Not least, even the most ignorant voter would comprehend such a simple system. W.H. Bailey, Cliff House, Llancafnan, Barry, South Glamorgan, Wales

### Inequality trends continue apace

From the Director of the Low Pay Unit. Sir, Mr Norman Fowler, the Employment Secretary, has warned that employment growth cannot be underpinned by excessive pay awards (January 15).

Average earnings, you report, are now rising at an annual rate of 8 per cent. This average figure conceals considerable variation in the experience of different groups within the labour market.

Taking the whole period 1979 to 1987, the average earnings of the best paid fifth of men in full time jobs have increased by 140 per cent, while the average earnings of the lowest paid fifth have risen by only 98 per cent. (These figures come from The Department of Employment's New Earnings Survey, which shows that this trend towards greater wage inequalities has continued apace over the past eight years.)

This would seem to suggest that the focus of Government policy, trying to limit pay rises

### Pigs' performance is unsurpassed

From Mr R.S. Shannon. Sir, The sage remarks of John Cherrington are always worth reading, but in "Farmer's Viewpoint" (January 12) he does less than justice to the British pig breeding industry.

Notwithstanding the problems of fattiness and lack of consistency in the Cherrington stock from leading breeders in the hands of good producers will now produce almost 1-tonne of lean meat from the progeny of one sow in one year. This level of performance is unsurpassed and no doubt explains why our stock is in demand around the world, including Denmark and Holland.

We respect the Dutch and the Danes as very tough competitors. But the suggestion that, so far as breeding is concerned, the British pig breeding industry is wrong is not substantiated by a more careful assessment of all the available evidence. Methods of genetic selection continue to improve and British breeders are in the lead in the application of new technology as we strive to stay ahead.

R.S. Shannon, Cotswold Pig Development Company, Rothwell, Lincoln

Table with columns: Product, Applied rate net, Net CAR, Interest, Minimum balance, Access and other details. Lists various investment products and their terms.

### An efficient economy encourages the diffusion of capital into many hands

From Mr Rupert Woolcombe. Sir, I support the abolition of inheritance tax, and suggest for consideration by your readers that it be replaced by a capital receipts tax on the following lines:

- 1. Each tax-payer would enter all capital gifts received during a tax year in a new section added to his/her income tax return;
2. After deduction of a small exempt allowance (say \$3,000 per annum) the balance would be taxable on a cumulative basis, of which the Inspector of Taxes would keep a record;
3. I suggest a nil rate threshold of say, \$100,000 (indexed-linked); the next \$400,000 would be taxed at 20 per cent and the excess at 50 per cent;
4. Reliefs for agricultural and business assets could be allowed as for inheritance tax;
5. Gifts between spouses

would be exempt as now; 6. The only duty of a donor or his/her executors would be to inform the Inland Revenue of the names and addresses of recipients in the United Kingdom or to reserve 50 per cent of any gift to an overseas resident until receipt of a clearance from the Inland Revenue that the donee had made a return and provided for payment of any tax due;

7. All trusts created by one settlor would be treated as a single recipient, and be taxed together on a cumulative basis; 8. There would be no deduction for any benefit reserved by a donor, thereby eliminating the ghastly conundrums which now arise on this question.

I believe that my suggestion would have two main advantages: the diffusion of capital would be encouraged, and collection of the tax would be sim-

plified. The Capital Taxes Office could be abolished. Rupert Woolcombe, 10/11 Gray's Inn Square, WC1

From Mr Charles Woolsey. Sir, Despite Mrs Judith Chaplin's disapproval (January 15), you were surely right in your leader (January 8) to resist calls to abolish inheritance tax and scale back capital gains tax (CGT).

Her argument is rather puzzling. While she shares your assumption that it is in the interests of an efficient economy to encourage the diffusion of capital into as many hands as possible, she seems to conclude that the best way to do this is not to have any capital taxes at all - as if this would generate a surge of hitherto pent-up altruism. She is right to criticise the present inheritance tax as being

in effect a voluntary tax, but wrong to argue that therefore it should be abolished. On the contrary: what is needed is an unavoidable - hence enforced - tax on inheritances.

By far the best way to do this is to abandon the concept of taxing the estate on the basis of its absolute size, but to tax inheritances by reference to the total amount of gifts and inheritances received by beneficiaries. A progressive tax truly levied on the receipts of inheritances is the most satisfactory way to achieve a greater spread of wealth. It is large receipts, not large estates, that perpetuate inequalities of wealth.

As for CGT, Mrs Chaplin argues that it should be restricted to trading gains only, and that there is no case for taxing the growth in value of capital funds. It would be a brave man who extolled the vir-

uses of CGT, but this is surely not the right direction for the Chancellor to take.

In fact, during the last election campaign the Chancellor made plain that a re-elected Conservative Government would not abolish CGT, on the grounds that it was needed to protect the revenue from income tax. This is unquestionably true. However, as with inheritance tax, there are sensible reforms he could make to simplify and improve the basis of taxing capital gains. (Indeed, an Institute for Fiscal Studies working group of tax practitioners and economists will shortly be announcing what they are.) But the course advocated by Mrs Chaplin is as undesirable as it is unlikely.

Charles Woolsey, The Institute for Fiscal Studies, 150-152 Tottenham Court Road, W1



UK COMPANY NEWS

Link-up will give Anglo United 30% of Burnett

A SOLUTION to the problems at troubled coal-mining and property group, Burnett & Hamshire, appeared to be in sight yesterday after both B&H and Anglo United... Anglo United - another open-cast mining and coal distribution company - suspended their shares yesterday morning.

The deal is not expected for some weeks while the necessary accountants' and mining consultants' reports are prepared, and the various banks - which hold a majority stake in B&H following a capital reconstruction in late-1985 - consider the proposals.

LandLeisure at £8.1m midway

LandLeisure, property and leisure group which bought Land's end last November, yesterday reported pre-tax profits up 76 per cent at £8.1m against £4.6m, for the six months to the end of October.

Profits from Aspinall Holdings, the casino operator and investment company bought in September, are included for the whole period. Some of the investments have been sold, producing one-off profits of £2.6m, and the money will be reinvested in the leisure business.

permission for development of a leisure centre, which should be complete by Easter, and yesterday they announced that a residential marina development in Falmouth had received the go-ahead from the local authority.

Full takeover suggested by Anglo-Nordic

Anglo-Nordic Holdings is to ask its controlling Danish shareholder, P.L. Smith & Co, to consider making an offer for the 25 per cent minority in the financially troubled power generation, aircraft ground equipment and property group.

Shandwick makes £5m Canadian acquisition

Shandwick, public relations consultancy, is to buy PIR Communications, Canada, for up to C\$12.5m (£5.35m).

Great Portland Estates makes £39m cash call

Great Portland Estates, property company, yesterday braved post-crash markets to launch a £39m rights issue to help finance its development and acquisition programme.

Borthwicks rejects higher offer

Borthwicks, food manufacturer and trader, is to go ahead with the sale of its Australian subsidiary to Tays Brothers for £10.3m even though it has received a higher offer from another company.

Firmandale move may delay TR Tech. egm

TE Technology Investment Trust plans to postpone its extraordinary meeting due to be held next Friday. At the meeting shareholders would have voted on reconstruction proposals put forward by the trust's board.

Greenfriar

From earnings per share up to 3.94p, against 2.53p, Greenfriar Investment Co. is lifting its dividend from 2p to 2.5p in respect of 1987.

Antofagasta and Cluff Oil in Spanish Gold Venture

Antofagasta Holdings PLC and Cluff Oil Holdings PLC announce that Antofagasta NV has completed the acquisition on behalf of their joint venture of two Delaware companies, St. Joe Transac and St. Joe Mining Inc.

Throgmorton Trust

Throgmorton Trust raised its asset value per share from 410.2p to 465.5p at end-November, 1987.

Verson begins quoted life with £11m tag

Mr Tim Kelleher, the Texan entrepreneur with an unusual penchant for troubled companies, is set to bring his conglomerate of metal bashers to the market next week through a listing of the shares in Verson International.

Heavy trading in Guinness shares

Trading volume in Guinness shares hit an eight-month high yesterday amid speculation that the brewing and spirits group was taking advantage of the final opportunity to buy its own shares before the announcement of its 1987 results.

MONOPOLIES COMMISSION REPORTS ON BCA AND LEISURE CIRCLE DEAL

Book club rationalisation blocked

THE MONOPOLIES and Mergers Commission yesterday moved to block one of the largest ever rationalisations of the British book club industry - a business worth more than £100m a year.

agreed to sell a half share in BCA and a half share in its existing British book club subsidiary Leisure Circle to the French publishing group Les Presses for £99m.

Such a diminution, Bertelsmann argued, would be insignificant in terms of the overall market.

period of exclusivity is also limited to three years. The majority of Commission members said it would be better if exclusive access to titles by the merged organisation were eliminated or very substantially modified.

B&D bid gets the green light

THE £2bn bid by supermarkets giant B&D for the substantially larger Dee Corporation, is not being referred to the Monopolies and Mergers Commission.

Sumrie to double its equity issue to £1m

Sumrie Clothes, struggling textiles company under new management, has doubled the size of its equity issue to £1m.

Cantors ahead midway

Cantors, retailer of house furnishings, carpet, Barker & Dobson, showed an increase from £588,000 to £804,000 in pre-tax profit for the six months ended October 31 1987.

KIO raises holding in BP to 18.88%

The Kuwait Investment Office yesterday said it moved back into the market on Thursday to increase its stake in BP to 18.88 per cent.

Property sales boost profits at A. Caird

A. Caird & Sons, property investment and waste disposal group, achieved pre-tax profits of £466,280 (£10,000) for the six months to December 31 1987.

Ecobric takeover called off

THE REVERSE takeover of Ecobric, the USM-quoted demolition company, by private property company Zurich has been called off.

St Andrew Trust

St Andrew Trust, Edinburgh-based investment trust, reported a slightly lower net asset value of 191p per share at December 31 1987 compared with 193p a year earlier.

Buckley's stake

Mr Guy Cramer, Buckley's Brewery deputy chairman, bought another 285,000 shares in the South Wales brewer yesterday to raise his directly held stake to 2.7 per cent.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Corresponding dividend, Total for year, Total last year.

LONDON RECENT ISSUES

Table with columns: Issue, Price, Yield, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Yield, etc.

RIGHTS OFFERS

Table with columns: Issue, Price, Yield, etc.



FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Thursday January 21 1988, Wednesday January 20 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, and World Index.

Base value: Dec 31, 1986 = 100; Finland Dec 31, 1987 = 113.87 (US \$ Index), 90.79 (Pound Sterling) and 94.94 (Local). Copyright: The Financial Times, Goldman Sachs & Co., Wood Mackenzie & Co. Ltd. 1987. Latest prices were available for this edition.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for Equity Groups & Sub-sections, Friday January 22 1988, and Highs and Lows Index. Rows include Capital Goods, Building Materials, Consumer Goods, Electricals, Electronics, Mechanical Engineering, Metals and Metal Forming, Motors, Other Industrial Materials, Consumer Group, Brewers and Distillers, Food Manufacturing, Food Retailing, Health and Personal Products, Leisure, Packaging and Paper, Publishing and Printing, Stores, Textiles, Other Financial Groups, Agencies, Chemicals, Computers, Shipping and Transport, Telephone Networks, and Miscellaneous.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Table with columns for Stock, Volume '000's, and % Change. Rows include ASA-AFI, Allied-Gen, Amstar, Anglo Group, Anglo-Japan, Anglo-USA, Anglo-UK, Anglo-World, Anglo-Asia, Anglo-Oceania, Anglo-Africa, Anglo-Latin America, Anglo-Middle East, Anglo-Caribbean, Anglo-Central America, Anglo-South America, Anglo-Europe, Anglo-USA, Anglo-UK, Anglo-World, Anglo-Asia, Anglo-Oceania, Anglo-Africa, Anglo-Latin America, Anglo-Middle East, Anglo-Caribbean, Anglo-Central America, Anglo-South America, Anglo-Europe.

ECONOMIC DIARY

TODAY: Liberal Party assembly debates SNP merger, Backstop, EC Agriculture Ministers start two-day meeting in Brussels. TOMORROW: Liberal assembly continues, Sri Lankan President Mr Junius Jayawardene arrives for talks in New Delhi. MONDAY: Mr Ronald Reagan, US President, gives State of the Union address, Washington. President Mubarak of Egypt visits UK at start of European/US tour. King's Cross underground station fire disaster inquiry 'technical meeting', Church House, Westminster. National Union of Mineworkers presidential ballot result expected. EC general affairs council of foreign ministers starts two-day meeting in Brussels. TUESDAY: CBI publishes first quarter Industrial Trends Survey. The Prime Minister, Mrs Margaret Thatcher, meets President Mubarak of Egypt. TUC general council meets, London. Princess Royal opens world health ministers conference on AIDS, Queen Elizabeth II conference centre, Westminster. WEDNESDAY: Department of the Environment publishes November figures for new construction orders; and fourth quarter provisional figures for bricks and cement production and deliveries. Irish budget presented to the Dail. EC economic and social committee starts two-day meeting in Brussels. THURSDAY: Balance of payments current account and overseas trade figures for December from Department of Trade and Industry. Quarterly house purchase statistics for fourth quarter. Energy trends for November. New vehicle registrations for December. Mr Caspary Cheysson, EC Commissioner responsible for Mediterranean policy and north/south relations, in London to speak at Foreign Press Association lunch, and attend a seminar on EC relations with Latin America at Canning House, Sir Nicholas Goodison, Stock Exchange chairman, addresses European-Atlantic Group, House of Commons. FRIDAY: Mrs Thatcher meets President Mitterand and Premier Chirac, London. Bank of England publishes December figures for London sterling certificates of deposit; bill turnover statistics; UK banks assets and liabilities, and the money stock, sterling commercial papers. Mr Robin Leigh Pemberton, Governor of the Bank of England, speaks at Newspaper Conference annual lunch.

FIXED INTEREST

Table with columns for Price Indices, Average Gross Redemption Yields, and Fixed Interest. Rows include British Government, 5 years, 10 years, 15 years, 20 years, 25 years, 30 years, 35 years, 40 years, 45 years, 50 years, 55 years, 60 years, 65 years, 70 years, 75 years, 80 years, 85 years, 90 years, 95 years, 100 years.

Table with columns for Equity section or group, Base date, Base value, and Equity section or group, Base date, Base value. Rows include Agencys, Components, Telephone Networks, Electronics, Other Industrial Materials, Health/Household Products, Other Groups.

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4A 4BY, price 15p, by post 32p

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INTERNATIONAL COMPANIES AND FINANCE

Japanese brokers expect slower profits in 1988

BY IAN RODGER IN TOKYO

JAPAN'S BIG four securities houses - Nomura, Daiwa, Nikko and Yamachi - all had record consolidated profits in the year to last September 30, but profit growth was less than they hoped for, mainly because of poor results of US subsidiaries.

from Y4.4bn in the preceding year. Subsidiaries in Britain, France, Switzerland, the Netherlands, Hong Kong, Singapore and Bahrain paid dividends for the first time.

Consolidated pre-tax profits of Yamachi Securities rose 29.9 per cent to a record Y234.5bn. Revenues increased 20 per cent to Y51.7bn, while net profits reached Y124.5bn, up 50 per cent.

St Gobain leaps by 89.5% to FF2.75bn

BY GEORGE GRAHAM IN PARIS

ST GOBAIN, the privatized French glass and packaging group, raised net profits last year by 89.5 per cent to FF2.75bn (\$491m).

Bank link fuels Spanish bourses

BY DAVID WHITE IN MADRID

THE PLANNED merger between Banco de Bilbao and Banco de Vizcaya, announced late on Thursday night after several weeks of speculation, has provoked a fresh wave of speculation about other possible links between top Spanish banks.

The plan reflects Mr Sanchez's determination to press ahead with his cherished ambition of forming a bank group able to compete on equal terms with major European institutions when the market is fully opened up after 1992.



Pedro Toledo, Banco de Vizcaya chairman

Spanish banks. The merger plan surprised most observers since the two have always been close rivals and since both were regarded as potential initiators of takeover plans for larger but more problematical groups.

Von Roll to buy Isola Essex

By John Wickes in Zurich

VON ROLL, the Swiss steel and engineering concern, is to buy Isola Essex, a European affiliate of the United Technologies of the US, with annual sales of SF450m.

Breitenbach, Switzerland, is a leading producer of electrical insulation materials. It also manufactures electrical cable and winding wire, as well as fibreglass-reinforced laminates.

With cashflow up 20 per cent to FF6.44bn, the group increased capital investment by 15 per cent to FF4.4bn. A further 20 per cent rise is planned for 1988.

Santa Fe returns to black

BY JAMES BUCHAN IN NEW YORK

SANTA FE Southern Pacific, the Chicago-based railroad industrial group which faces a rebellion by its chief stockholders, yesterday reported a return to profit from continuing operations in the fourth quarter despite a sharp decline in earnings at its railroad network.

Lonrho S Africa arm in loss

By Jim Jones in Johannesburg

DUKKER LONRHO'S South Africa offshoot, fell into a loss in last year's December quarter as diminishing coal sales and gold production slipped.

The blue asbestos mines in the northern Cape have been closed and diminishing coal sales cut 58 per cent to 54,445 tonnes from 54,407 tonnes as export markets deteriorated.

On a per-share basis, net income rose 1.5 per cent to FF30.33 a share from FF29.50.

Analysts said the company's latest earnings performance turned out to be better than anticipated. About 40 per cent of its revenue is in dollars, they pointed out.

Sandoz turnover advances by 7%

BY OUR ZURICH CORRESPONDENT

SANDOZ, the Swiss chemicals and pharmaceuticals concern, yesterday reported a 7 per cent rise in group turnover for last year to a record level of SF9,970m (\$6.6bn).

In the two leading divisions, sales of pharmaceuticals were up 5 per cent to SF4,06bn and those of chemicals by 11 per cent to SF2,44bn.

Elsewhere, sales of the nutrition division improved 4 per cent to SF1,09bn, those of the seeds division by 2 per cent to SF970m and turnover in the agrochemicals unit by 20 per cent to SF820m.

Bank Vontobel to lift payout

BY LAURA RAU IN AMSTERDAM

BANK J. VONTOBEL, the Zurich bank, proposes to increase its dividend payment for 1987 from 16 to 18 per cent, following a rise in net profits from SF1.1m (\$15.6m) to SF2.18m, writes our Zurich correspondent.

Heineken plans to buy remainder of Sogebra

BY LAURA RAU IN AMSTERDAM

HEINEKEN, the Dutch brewer, plans to buy the 49 per cent that it doesn't already own in Sogebra, the French brewery, for \$120m (\$107m).

Modest gain for Club Med

BY OUR FINANCIAL STAFF

CLUB MEDITERRANEE, the French holiday resort operator, lifted consolidated net income, excluding minority interests, for the year ended October 31 by just 1.6 per cent to FF2,675m (\$525m) in the 1986-1987 financial year.

LONDON MARKETS

COPPER PRICES on the London Metal Exchange ended a generally bearish week with a modest rally. But the cash grade A position's \$18.50 rise yesterday to \$1,297.50 a tonne still left the price down 25¢ on the week. With traders becoming increasingly nervous about the market's ability to maintain its overall bull trend cash values had fallen by 25¢ a tonne on Tuesday, \$32 on Wednesday and \$48.50 on Thursday. Yesterday's firmer early sentiment had lifted the price to \$1,410 a tonne at one stage, but profit-taking set in and sellers were encouraged by market talk of a possible 4,000 tonnes rise in LME warehouse stocks this week. Aluminium prices also rose yesterday, but finished well down on the week. Speculative selling pushed the cash standard aluminium price down by 25¢ a tonne in the first three days of the week but after rises on Thursday and yesterday it ended \$14.50 down on balance at \$1,136 a tonne.

Table with columns: COCOA \$/tonne, Date, Previous, High/Low, etc.

Table with columns: LONDON METAL EXCHANGE, Price, Previous, High/Low, etc.

Table with columns: LONDON BULLION MARKET, Gold, Silver, etc.

US MARKETS

SILVER WAS HIGHER on trade, local and spot-increase buying. Gold and platinum closed marginally lower on trade selling which prompted mixed long-liquidation before local short-covering proved losses.

Table with columns: CRUDE OIL (Light 42,000 US gal), Date, Previous, High/Low, etc.

Table with columns: CHICAGO, Soybeans, Corn, etc.

Table with columns: WHEAT, Soybean Meal, etc.

Table with columns: SPOT MARKETS, Crude oil, Dated Brent, etc.

Table with columns: RUBBER, Natural, Synthetic, etc.

Table with columns: SOYBEAN MEAL \$/tonne, Date, Previous, High/Low, etc.

Table with columns: LONDON BULLION MARKET, Gold, Silver, etc.

Table with columns: GOLD 100 Troy oz, Date, Previous, High/Low, etc.

Table with columns: SILVER 5,000 Troy oz, Date, Previous, High/Low, etc.

Table with columns: COPPER 25,000 lbs, Date, Previous, High/Low, etc.

Table with columns: WHEAT, Soybean Meal, etc.



WORLD STOCK MARKETS

NEW YORK (3 pp)

Table of stock market data for New York, including various stock prices and indices.

INDICES

Table of stock market indices for New York, including Dow Jones and S&P 500.

CANADA

Table of stock market data for Canada, including Toronto and Montreal.

NEW YORK ACTIVE STOCKS

Table of active stock prices in New York.

Wall Street

Dow rises but trading stays calm

Stocks advanced, but remained in a narrow trading range. Quiet bargain-hunting partly accounted for the gain, as did a strong bond market and a firm dollar.

Canada

Weak gold and blue chips outweighed gains made by very active banking issues in Toronto.

Hong Kong

After a day of see-saw trading, share prices closed higher, supported by slightly improved confidence caused by the steeper US dollar.

Australia

The Australian share market closed steady, following a similar result on Wall Street overnight.

Basic metal issues fared better

Alcan gained 3 1/4% to C\$24 1/4 and Cominco rose C\$1 1/4 to C\$14.

Tokyo

Thin trade saw share prices close up. Selective buying of issues was backed by prompting corporate results, and the firm dollar gave investors confidence.

Frankfurt

The firm dollar brought gains across the board for German shares, but turnover was light.

Milan

Turnover was again exceptionally high, with 306,450 ordinary shares and 187,850 special shares in the company changing hands.

Singapore

Lack of follow-through buying support and some nervous selling led to share prices closing marginally lower in fairly quiet trading.

Zurich

Swiss share prices closed a shade higher in thin trading. A stable dollar provided encouragement, but there was little other news to affect the broader market.

Brussels

Reserve, the share of Societe Generale de Belgique, ended earlier after heavy trading, while other Belgian shares finished mixed in a quiet market.

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Table of stock market data for various international markets including Australia, Japan, and others.



CURRENCIES AND MONEY

LONDON STOCK EXCHANGE

Good finish to equity market account

FOREIGN EXCHANGES

Dollar ends on quiet note

The dollar ended the week on a rather unexciting note as the honeymoon effects of November's narrower US trade deficit wore off. Traders pointed to a clearly defined range for the dollar. The down side was restricted by the threat of central bank intervention while the upside was limited by a reluctance to put too much store by one month's trade figures.

Against the D-Mark it rose to DM1.6745 from DM1.6635 and Y127.80 compared with Y127.15. Elsewhere it finished at SFr1.3555 from SFr1.3505 and Fr5.4580 compared with Fr5.4615. On Bank of England figures, the dollar's exchange rate index rose from 94.0 to 94.3.

THE UK SECURITIES markets wound up the week in good form, with equities recovering about half of the loss of the previous four days, as a firmer dollar took some of the pressure of the international stocks.

Account Dealing Dates
First Declared Last Account
Deadline Date Day
Dec 21 Jan 8 Jan 15
Jan 21 Jan 22 Feb 15
Jan 22 Feb 4 Feb 15

FINANCIAL TIMES STOCK INDICES
Table with columns for Government Sec., Fixed Interest, Ordinary Div., Gold Mines, etc. and rows for Jan 22, Jan 21, Jan 20, Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, Jan 14, Jan 13, Jan 12, Jan 11, Jan 10, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1, 1987/88, and Stock Completion.

Activity in the electronics issues remained at a relatively high level but major share price movements were scarce. Turnover in Cable & Wireless again topped the 5m mark but buyers got the upper hand and left the shares a net penny harder at 275 although the week's fall of 27p after the weekend's "sell" recommendation from Warburg Securities. GEC edged up 2 to 150p on a turnover of 5m with income funds said to have been buyers of the stock ahead of them going ex-dividend on Monday. BSE extracted speculative buying late in the day and closed 5 higher at 85p.

E IN NEW YORK
Table with columns for Jan 22, Latest, Previous Close and rows for 2 spot, 1 month, 3 months, 6 months, 12 months.

POUND SPOT - FORWARD AGAINST THE POUND
Table with columns for Jan 22, Day's Spot, Close, One month, % p.a., Three months, % p.a., Six months, % p.a., and rows for US, Canada, Netherlands, Belgium, France, Germany, Italy, Spain, Portugal, Greece, Ireland, UK, Switzerland, Japan, Hong Kong, New Zealand, Australia, South Africa, India, Singapore, Malaysia, Thailand, Philippines, Indonesia, Brunei, East Africa, Middle East, Latin America, Caribbean, Pacific, Africa, Asia, Europe, Americas, Oceania, Middle East, Africa, Asia, Europe, Americas, Oceania.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR
Table with columns for Jan 22, Day's Spot, Close, One month, % p.a., Three months, % p.a., Six months, % p.a., and rows for UK, Ireland, Canada, Netherlands, Belgium, France, Germany, Italy, Spain, Portugal, Greece, Ireland, UK, Switzerland, Japan, Hong Kong, New Zealand, Australia, South Africa, India, Singapore, Malaysia, Thailand, Philippines, Indonesia, Brunei, East Africa, Middle East, Latin America, Caribbean, Pacific, Africa, Asia, Europe, Americas, Oceania.

STERLING INDEX
Table with columns for Jan 22, Latest, Previous and rows for 8.30 am, 10.30 am, 11.00 am, 12.00 pm, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001
Table with columns for Opening, 10 a.m., 11 a.m., 12 p.m., 1 p.m., 2 p.m., 3 p.m., 4 p.m. and rows for 1413.9, 1420.5, 1417.4, 1418.9, 1420.1, 1421.1, 1421.6, 1422.8.

but there were no new bid developments. The Kuwait Investment Office confirmed market belief that it had continued to buy BP stock.

CURRENCY RATES
Table with columns for Jan 22, Bank Rate, Central Bank, and rows for Sterling, US Dollar, Australian \$, Canadian \$, Hong Kong \$, Japanese Yen, New Zealand \$, Singapore S, South African R, Swiss Franc, Thai Baht, West German M, Yen, Hong Kong \$, Japanese Yen, New Zealand \$, Singapore S, South African R, Swiss Franc, Thai Baht, West German M, Yen.

EURO-CURRENCY INTEREST RATES
Table with columns for Jan 22, Short term, 7 days notice, One Month, Three Months, Six Months, One Year and rows for Sterling, US Dollar, Australian \$, Canadian \$, Hong Kong \$, Japanese Yen, New Zealand \$, Singapore S, South African R, Swiss Franc, Thai Baht, West German M, Yen.

EXCHANGE CROSS RATES
Table with columns for Jan 22, £, \$, DM, Yen, F.F., S.F., H.F., Lira, C.S., B.F. and rows for £, \$, DM, Yen, F.F., S.F., H.F., Lira, C.S., B.F.

NEW YORK
Table with columns for Jan 22, One month, Three months, Six months, One year and rows for Treasury Bills and Bonds.

LONDON TRADED OPTIONS
Table with columns for Calls and Puts and rows for Allied Tech, B.P., B.N.F., B.N.P., B.N.S., B.N.T., B.N.U., B.N.V., B.N.W., B.N.X., B.N.Y., B.N.Z.

OTHER CURRENCIES
Table with columns for Jan 22, £, \$, DM, Yen, F.F., S.F., H.F., Lira, C.S., B.F. and rows for Argentine, Australian, Canadian, Hong Kong, Japanese, New Zealand, Singapore, South African, Swiss, Thai, West German, Yen.

MONEY MARKETS
Table with columns for Jan 22, One month, Three months, Six months, One year and rows for UK clearing bank base lending rate.

NEW HIGHS AND LOWS FOR 1987/88
Table with columns for New Highs and Lows and rows for various companies.

London rates fall
INTEREST RATES were mostly lower in London yesterday as the market adopted a short term bullish view. December's UK money supply figures were seen as insufficient to create any renewed upward pressure on interest rates.

FT LONDON INTERBANK FIXING
Table with columns for Jan 22, 3 months US Dollars, 6 months US Dollars and rows for bid, offer, bid, offer.

NEW YORK
Table with columns for Jan 22, One month, Three months, Six months, One year and rows for Treasury Bills and Bonds.

Traditional Options
First dealings Jan 18
Last dealings Jan 23
Last declarations Apr 21
For settlement May 3

Traditional Options
First dealings Jan 18
Last dealings Jan 23
Last declarations Apr 21
For settlement May 3

Traditional Options
First dealings Jan 18
Last dealings Jan 23
Last declarations Apr 21
For settlement May 3

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First dealings Jan 18
Last dealings Jan 23
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LONDON STOCK EXCHANGE

DEALINGS

Details of deals done before 10.30 am with current from the London Stock Exchange Official List and should not be regarded as recommendations.

Corporation and County Stocks

City of London 1987 Deb 8.50% - 271 (15.84)
London County Council 1987 Deb 8.50% - 272 (15.84)

UK Public Boards

Agri-Food Marketing Corp PLC 1987 Deb 8.50% - 273 (15.84)
British Gas 1987 Deb 8.50% - 274 (15.84)

Commonwealth-Government

South Australia 1987 Deb 8.50% - 275 (15.84)

Foreign Stocks, Bonds, etc

Spain Govt 1987 Deb 8.50% - 276 (15.84)

British Shoe Corp Hedge

British Shoe Corp Hedge PLC 1987 Cum 2nd Pst 21 - 25 (15.84)
British Shoe Corp Hedge PLC 1987 Cum 1st Pst 21 - 25 (15.84)

Magnet PLC

Magnet PLC 1987 Cum Pst 21 - 20 5.25% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

WB Industries

WB Industries PLC 1987 Cum 2nd Pst 21 - 20 5.25% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

Trusts

Trusts Investment Trust PLC 1987 Deb 8.50% - 277 (15.84)

Mines - Miscellaneous

Anglo United PLC 1987 Cum 2nd Pst 21 - 20 5.25% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

Mines - South African

General Mining Union Corporation 8.5% Var Comp Cvd Pst 2012 - 25 (15.84)

Plantations

Chillingham Corporation PLC 1987 Cum 2nd Pst 21 - 20 5.25% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

Breweries and Distilleries

Alfred Dunhill PLC 1987 Cum Pst 21 - 20 5.25% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

Financial Times

Financial Times PLC 1987 Cum Pst 21 - 20 5.25% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

Insurance

Alexander & Alexander Services Inc 8.5% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

Investment Trusts

Investment Trust PLC 1987 Cum Pst 21 - 20 5.25% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

Registered Housing Associations

Housing Finance Corporation Ltd 8.5% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

Commercial, Industrial, etc

AGS Research PLC 1987 Cum Pst 21 - 20 5.25% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

Starting Issues by Overseas Borrowers

Asian Development Bank 1987 Deb 8.50% - 278 (15.84)

Registered Housing Associations

Housing Finance Corporation Ltd 8.5% Cum Pst 21 2012 E1 - 73 1/2 (15.84)

Commercial, Industrial, etc

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The London Motor Conference - Manufacturing, Components and the Aftermarket. London - 15 February, 1988.

TEESSIDE - The Financial Times proposes to publish a Survey on the above on WEDNESDAY 24TH FEBRUARY 1988. For a full editorial synopsis and details of available advertisement positions, please contact: HUGH WESTMACOTT on 0532-454969 or write to him at: Permanent House, The Headrow, Leeds, LS1 8DF.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER



LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday January 21 1988

Table with 2 columns: Index Name and Percentage Change. Includes categories like Insurance, Shipping & Transport, Investment Trusts, etc.

RISES AND FALLS

Table with 3 columns: Index Name, Rises, Falls. Includes categories like British Funds, Financial and Profs, Oils, etc.

BANK RETURN

Table with 3 columns: Department, Balance, Increase/Decrease. Divided into LIABILITIES, ASSETS, and ISSUES DEPARTMENT.

BASE LENDING RATES

Table with 2 columns: Bank Name and Lending Rate. Lists various banks and their respective rates.

EUROPEAN OPTIONS EXCHANGE

Table with multiple columns: Series, Vol, Last, May 88, Jun 88, Jul 88, Oct 88. Lists various options series and their trading data.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance data. Includes columns for Trust Name, Manager, and other details.

Advertisement for BLESMA (British Limbless Ex-Servicemen's Association). Includes a photo of a woman and text: 'WE THE LIMBLESS LOOK TO YOU FOR HELP'.











FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Investment Objective, and other details.

BRITISH FUNDS

Table of British Funds, listing fund names, managers, and performance metrics.

BRITISH FUNDS - Contd

Continuation of British Funds table, listing additional fund names and details.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing international investment options and their performance.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues.

CORPORATION LOANS

Table of Corporation Loans.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans.

LOANS

Table of Loans.

Public Board and Int. Financial

Table of Public Board and International Financial data.

AMERICANS

Table of American investments, listing US-based funds and their performance.

Continued on next page

Money Market Trust Funds

Table of Money Market Trust Funds.

Money Market Bank Accounts

Table of Money Market Bank Accounts.

Table of Money Market Bank Accounts, listing various financial products and their details.



LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, and % Change.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, and % Change.

BANKS, HP & LEASING

Table listing bank and hire purchase/leasing stocks with columns for Stock, Price, and % Change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for Stock, Price, and % Change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and % Change.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and road stocks (continued) with columns for Stock, Price, and % Change.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for Stock, Price, and % Change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, and % Change.

DRAPERY AND STORES - Contd

Table listing drapery and store stocks (continued) with columns for Stock, Price, and % Change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks (continued) with columns for Stock, Price, and % Change.

DRAPERY AND STORES - Contd

Table listing drapery and store stocks (continued) with columns for Stock, Price, and % Change.

ELECTRICALS

Table listing electrical stocks with columns for Stock, Price, and % Change.

ENGINEERING - Contd

Table listing engineering stocks (continued) with columns for Stock, Price, and % Change.

ENGINEERING

Table listing engineering stocks with columns for Stock, Price, and % Change.

ENGINEERING

Table listing engineering stocks (continued) with columns for Stock, Price, and % Change.

ENGINEERING - Contd

Table listing engineering stocks (continued) with columns for Stock, Price, and % Change.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other stocks with columns for Stock, Price, and % Change.

HOTELS AND CATERERS

Table listing hotel and catering stocks with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.)

Table listing industrial stocks (miscellaneous) with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.)

Table listing industrial stocks (miscellaneous) (continued) with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks (miscellaneous) (continued) with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

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Table listing industrial stocks (miscellaneous) (continued) with columns for Stock, Price, and % Change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks (miscellaneous) (continued) with columns for Stock, Price, and % Change.



LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

LEISURE

Table listing leisure-related companies such as British Airways, British Caledonian, and others.

MOTORS, AIRCRAFT TRADES

Table listing companies in the motor and aircraft trades, including Rover, Leyland, and others.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies like News International, Newsprint, and others.

PAPER, PRINTING, ADVERTISING

Table listing companies in the paper, printing, and advertising sectors.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of the paper, printing, and advertising companies table.

PROPERTY

Table listing property-related companies and their share prices.

SHIPPING

Table listing shipping companies such as British Overseas Airways, British Caledonian, and others.

SHOES AND LEATHER

Table listing companies in the shoes and leather industry.

SOUTH AFRICANS

Table listing South African companies and their share prices.

TEXTILES

Table listing textile companies and their share prices.

TEXTILES - Contd

Continuation of the textiles companies table.

TOBACCO

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies.

FINANCE, LAND, etc

Table listing various finance and land companies.

OIL AND GAS

Table listing oil and gas companies.

OIL AND GAS

Continuation of the oil and gas companies table.

OIL AND GAS

Continuation of the oil and gas companies table.

TRUSTS, FINANCE, LAND - Contd

Continuation of the trusts, finance, and land companies table.

FINANCE, LAND, etc

Continuation of the finance and land companies table.

OIL AND GAS

Continuation of the oil and gas companies table.

OIL AND GAS

Continuation of the oil and gas companies table.

OIL AND GAS

Continuation of the oil and gas companies table.

OIL AND GAS

Continuation of the oil and gas companies table.

OIL AND GAS - Contd

Continuation of the oil and gas companies table.

OVERSEAS TRADERS

Table listing overseas trading companies.

PLANTATIONS

Table listing plantation companies.

MINES

Table listing mining companies.

MINES

Continuation of the mining companies table.

MINES

Continuation of the mining companies table.

MINES

Continuation of the mining companies table.

MINES - Contd

Continuation of the mining companies table.

THIRD MARKET

Table listing third market trading data.

NOTES

Notes providing additional information and disclaimers regarding the share service data.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks.

IRISH

Table listing Irish stocks.

TRADITIONAL OPTIONS

Table listing traditional options data.

TRADITIONAL OPTIONS

Continuation of the traditional options table.



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**HONORBILT GROUP PLC**  
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# FINANCIAL TIMES

Saturday January 23 1988

**Newport**  
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## Sears claims Freemans victory

**BY NICKI TAIT**

SEARS, the retail, jewellery and betting group, yesterday claimed victory in its bitterly fought battle for Freemans, the mail order group.

It said it now owned, or had received acceptances in respect of 85.1 per cent of Freemans shares and was declaring its offer unconditional.

The cash-only bid from Sears, which owns Selfridges, Mappin & Webb and the William Hill betting chain, was worth 316p a share and valued Freemans at £477m. The takeover offer was the first to be launched since the stock market crash last year.

The margin of victory was a good deal tighter than many pundits had predicted 17 days ago, when Sears raised its offer and the battle began in earnest.

The group's bid valued Freemans at 22 times current year earnings and - on analysts' estimates - 18 times prospective earnings.

The price offered was almost twice that at which Freemans shares were trading, post-crash and ahead of the bid.

In the event, family and friendly holdings, estimated to account for 15-20 per cent of Freemans register, were believed to have stayed largely loyal. Moreover, Great Univer-

## Liberal MPs are united on merger with SDP

**By Peter Riddell, Political Editor**

**LIBERAL PARTY** supporters of a merger with the Social Democrats last night won the influential support of the previously wavering MP, Mr Simon Hughes, as well as key local council leaders, ahead of today's crucial vote at the party's special assembly in Blackpool.

The odds appear to have moved slightly in favour of merger in the last few days following the approval of a revised policy document with the SDP, while Mr Hughes' statement last night means that all 17 of the party's MPs will be supporting the deal.

Both the pro and anti-merger factions were last night making confident claims about the outcome, with a two-thirds majority required if merger proposals are to be put to all Liberal Party members in the next month. The SDP is holding a parallel conference in Sheffield next weekend.

With up to 3,000 members expected to attend today, the party's leader, Sir Ian Gifford, said in a letter to Liberal Party members that the Liberal Party's loose rules about participation in its assemblies.

Mr Hughes, MP for Southwark and Bermondsey, said in a letter to Mr David Steel, the party leader, that in spite of reservations, he felt the merger might possibly create "a new party which can be true to liberalism, and provide the sort of idealistic, environmentalist, non-sectish and classless radical politics which I aspire to."

Last weekend Mr Hughes said he was considering becoming a Liberal/Conservative member and his decision to back the merger may carry weight with some younger activists.

Strong support for merger also came yesterday from the Liberal leaders of Richmond, Sutton and Somerset councils, and from prominent councillors in Wiltshire and Oxfordshire. They argued that radicals could support merger.

The opponents of merger were also organising actively in Blackpool last night. Mr Michael Leadwood, a former MP who resigned from the party in protest at the terms, talked of "merger most foul", while the Young Liberals said they were also opposed.

Mr Steel said on BBC radio yesterday that the question for the party was whether it was to be a successful vehicle to translate liberalism into government or whether it was to be a minority fringe influence.

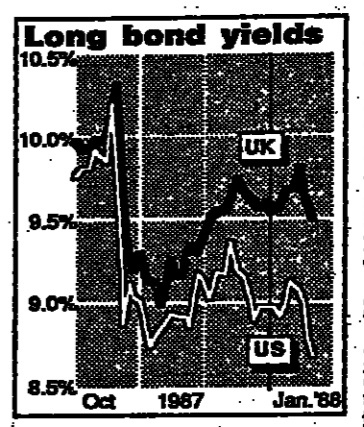
He expressed concern that the merger might not achieve the majority required.

**Meadowcroft letter, Page 7.**

## THE LEX COLUMN

# Waiting for the big battalions

FT Index rose 17.0 to 1421.0



After the previous fortnight's gyrations in the world's foreign exchange markets, this week has been considerably calmer. Although Wall Street has had some nasty moments, the London equity market has held up remarkably well and share prices ended the week on a respectable note. However, it is hard to disguise the fact that the market remains stuck in a fairly narrow trading range; although it started the week in a positive mood, the continued failure of the FTSE-100 to break decisively above the 1,800 level is a depressing reminder of the weakness of the recent rally.

The softer trend in US interest rates, plus the renewed strength of bond markets on both sides of the Atlantic, has dampened fears of an early rise in UK interest rates. This in turn has helped to support the rally in UK share prices.

Unfortunately, there are plenty of counter arguments. The chances of current trading volume and the relative underperformance of many quality stocks over the last few weeks indicates that the institutional appetite for equities at current prices remains low, which in turn raises questions about the breadth of the recent 13 per cent rally in UK share prices from their November low point. In addition, the recent strength of the UK market is in sharp contrast to the performance of the continental European stock markets which have fallen by between 3 per cent and 8 per cent in the opening weeks of the New Year. While Wall Street remains the most important benchmark for London, the weakness of the other markets is worrying.

At home, the most immediate concern is the strength of the economy. The latest industrial production and retail sales figures suggest that the long over-due slowdown in the UK economy may be arriving. On the other hand, the strength of bank lending tells a different story. Depending on which is the truer indicator, this could have an important bearing on whether the analysts' projections for corporate profits are unduly optimistic, and this, in turn, could be the key to sentiment in the medium term.

with the price being offered, and should be free to act accordingly. If you thought the market fell too far on October 19, you should have bought on October 20. This is complicated, on the other hand, by the clear interest of the market practitioner in being as free from rules as possible. For the private investor, the issue may turn on which is the more alarming - the volatility of the present market, or the prospect of being unable to deal at any price. The only way to find that out would be to try it.

## Sears/Freemans

Sympathy is worth little to Freemans, but there was a fair bit of it about in the City yesterday at the news that the high reputation of Freemans' management seems to have survived both the announcement of flat results and a bid defence that was, at best, naive. That fact, tempered perhaps by an exit-multiple of 18 times prospective earnings, suggests that Sears has indeed done a good deal at a reasonable price.

Earnings dilution in the current year will be minimal, and there is no gas-slaying the logic of using Freemans' catalogue to bring the attractive Miss Selfridges into the sitting room. Sears has been trying to do just that for 15 years, and its dedication to the cause has finally been rewarded. So, to have the fund manager of 316p on the nail, for a share whose pre-bid high was 290p, speaks loudly in the current market (though apparently not loudly enough for the Pru, which management).

If the conventional wisdom is to be believed, Sears is not the only high street name willing to beg, borrow or steal to get into mail order. So where were the others when Freemans needed them? The Barclays, the Marks and Spencers, even the Woolworths? The answer seems to be that nobody in the retail sector could afford the paper, and nobody but Sears had the cash. Marks and Spencers, which might have given it a go, has made it clear it is not inclined to take part in the takeover chase.

Freemans' departure leaves slim pickings for the future among the catalogue houses: the only remaining independent of any size, Empire Stores, is protected by interlocking shareholdings which mean that its highly uninspiring management seems to have little to fear for the time being.

## County NatWest makes 165 redundant

**By David Lascelles**

**COUNTY NATWEST**, the investment banking arm of the National Westminster Bank, added to the City's job losses yesterday by making 165 staff redundant.

The action follows its acquisition of Wood Mackenzie, the stockbroking firm, and is the largest redundancy declared by a UK City investment house since last year's market crash.

About 50 of those affected will be taken on by Hill Samuel, the merchant banking subsidiary of the Trustee Savings Bank, which was the seller of Wood Mackenzie. The remainder will be given severance pay and assistance in finding new jobs.

Mr John Chiene, the chief executive of Wood Mackenzie who takes over on Monday as head of County's securities operations, said the redundancies had been made across the board, on the basis of "business logic and performance appraisal." They affect Wood Mackenzie and County equally and account for about 15 per cent of the two companies' staff.

The jobs announcement led to emotional scenes in the County and Wood Mackenzie trading rooms. According to some reports, County's security staff had to be called in to ensure that there had been any trouble.

She stressed that the company had taken the greatest care in its handling of the redundancies to ensure that people were treated sympathetically and fairly. In line with City practice, those who lost their jobs were expected to leave promptly.

Mr Chiene said that County and Wood Mackenzie would continue to trade as separate companies until they combined in April. Until then, particular market sectors would be allocated to one firm or the other.

The intention was to create "a balanced structure" which drew on the resources of both companies.

Letters will be sent to clients explaining the new arrangements.

County disclosed yesterday that it had packed £12.25m for the goodwill of Wood Mackenzie. Nearly two years ago, Hill Samuel bought the firm's goodwill for £20m but it has retained some parts of it, such as the private client business.

County's redundancies lift to about 2,200 the total of City job losses announced since the market crash. Mr Stephen Lewis, the economist at Phillips & Drew who is keeping a tally, estimates that two additional jobs are lost for every one announced. He expects the actual total to reach 50,000.

## Halifax studies implications of becoming a public company

**By David Barchard**

**THE HALIFAX** Building Society disclosed yesterday that it was considering converting to a public company and that it had appointed N. M. Rothschild to act as its banking adviser to study the implications of such a step.

Mr David Gilchrist, the Halifax's general manager, said the Halifax was facing the "biggest strategic decision of the past 10 years" and that it should recommend to members a change to plc status.

This is the first time a building society has said openly that it is considering changing from a mutual society, governed by the 1986 Building Societies Act, to a public company, which would mean in effect becoming a bank under the supervision of the Bank of England.

Mr Gilchrist stressed that the Halifax board had not taken a decision on whether to recommend conversion, but it was an option.

"The directors of the Halifax will not be prepared to recommend conversion to plc to the members unless we are convinced beforehand that it is a practical option."

He said Rothschild would be asked to review by the end of the summer the practical aspects involved so that a decision could be taken by the autumn.

"The other possibility is that the proposals for plc conversion might not be suitable at the moment but could be put on the shelf and re-examined in the early 1990s if the competitive environment had changed by then," he added.

In the City, the move by the Halifax, Britain's largest society, was generally welcomed.

"Though conversion would help societies financially by giving them freedom to go into markets such as unsecured loans, from which they are barred by the 1986 act, and give them access to increased capital, opting for plc status might lay them open to takeovers. At the moment, they are owned by their members and cannot be taken over."

Societies have a ceiling of 5 per cent of their commercial

assets on unsecured loans. This may be relaxed after a review of schedule 8 of the 1986 act is completed. Bank status would bring with it greater freedom to lend, but also commercial risks from which they are at present exempt.

Conversion might bring substantial profits in the form of priority shares for members holding accounts for more than two years with a society that decided to go public.

The Halifax's step may encourage other large societies to review their options. The Abbey National, once tipped as the building society most likely to be the first to go public, said it still took the view that building societies should first make up their minds about what sort of institution they wanted to be and what sort of market to pursue.

"Once that kind of decision is made, the question of plc conversion solves itself," Abbey said.

**Alliance & Leicester moves into commercial property, Page 4.**

Brands, said two weeks ago that he would attempt to get six of his nominees elected to American Brands' 15-member board as a first step to a full takeover and the break-up of the company.

Now using the Pac-Man defence strategy of trying to buy the company raising it, American Brands is gambling that market conditions have deteriorated sharply for break-up specialists like Mr Kelly.

The tactic, named after a children's video game, has been tried only once before, in the three-cornered fight in 1982 between Martin-Marietta, Allied and Bendix.

American Brands' shares rose 1/4 to \$47 1/2 yesterday, indicating it has a fighting chance. Wall Street believes Mr Kelly would have to pay some \$55 a share, or some \$60m, for American Brands, whose interests span financial services, office products, drinks and tobacco. Its Gallaher unit makes Benson and Hedges cigarettes.

American Brands is offering \$13 a share for E-II, worth \$1.5bn, and is offering to buy next week \$1.5bn of E-II's debt at three or four percentage points over par. E-II said it would study the offer. Its shares rose \$3/4 to \$12 1/2 early yesterday on top of a \$1.25 rise on Thursday.

## American Brands' counter-bid

**By Roderick Oram in New York**

**AMERICAN BRANDS**, the US tobacco and consumer products group which owns Gallaher of the UK, has launched a \$2.4bn (\$1.94bn) counter-bid for E-II Holdings in an audacious and risky attempt to turn the tables on Mr Donald Kelly, its chairman.

E-II is a recently-formed holding company which emerged from the break-up in 1986/87 of Beatrice Companies, the US food conglomerate. Mr Kelly profited handsomely from that operation and the earlier break-up of Esmark, another US food and consumer products group.

Mr Kelly, armed with a 4.6 per cent stake in American

Brands, said two weeks ago that he would attempt to get six of his nominees elected to American Brands' 15-member board as a first step to a full takeover and the break-up of the company.

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## Young stops W.H. Smith book club sale

**By Raymond Snoddy**

**LORD YOUNG**, the Trade and Industry Secretary, yesterday blocked the proposed acquisition by Bertelsmann, the West German publishing group, of W.H. Smith's 50 per cent stake in Book Club Associates and its onward sale to French publishers Les Presses de la Cité.

Lord Young accepted a Monopolies and Mergers Commission recommendation that to have Britain's two largest book clubs, BCA and Leisure Circle, under the joint control of Bertelsmann and Les Presses would operate against the public interest. As part of a complex deal, Bertelsmann had

## Young stops W.H. Smith book club sale

agreed to sell half of Leisure Circle to Les Presses.

The Secretary of State rejected the majority view of the Monopolies Commission that there should be industry-wide talks under the auspices of the Office of Fair Trading to see whether the adverse effects of the proposed merger could be reduced. The main proposals involved finding ways of changing a publishing industry concordat to limit BCA/Leisure's exclusive access to book titles.

After talks with the Office of Fair Trading, Lord Young decided that to allow the merger to proceed, if negotia-

tions on the concordat were successfully completed, "could lead to an unjustifiably long period of uncertainty for the companies involved."

Instead the Trade and Industry Secretary decided the Bertelsmann acquisition of the BCA stake from W.H. Smith for £69m should not be allowed to proceed if the terms of the deal are being sought to that effect.

Lord Young made it clear that if Bertelsmann were to dispose of 100 per cent of Leisure Circle to a buyer who held no other anti-missile defences, the matter could be reconsidered by the competition authorities.

Mr Peter Bagnall, the W.H.

Smith director responsible for book club interests, said yesterday that the company would simply retain its profitable 50 per cent stake in BCA.

The Secretary of State's decision pointed towards a disposal of the BCA stake to W.H. Smith expected the BCA sale to go ahead eventually. Talks would now be held with Bertelsmann to review Lord Young's decision.

Together the two book clubs account for 70 per cent of the UK book club market although they have different membership profiles and different selling methods.

## CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

LISTED	21st	22nd	23rd
Treas 2 1/2% IL 2008	510 1/4	+ 1/4	
A.C. Hedges	566	+ 1/2	
BCC Group	406	+ 21	
BRR Ltd	85	+ 5	
Burnash Oil	425	+ 15	
Coalson Group	544	+ 22	
Dixons Group	324	+ 8	
Enterprise Oil	293	+ 8	
Glaxo Hedges	510 1/4	+ 1/4	
Jaguar	350	+ 12	
Loxair Inds	350	+ 11	
Magnat	215	+ 17	
Oxford Instruments	336	+ 14	
P.F.O. Debt	546	+ 13	
Smith New Court	188	+ 20	
Shungh Hedges	440	+ 22	
Watson & Philip	221	+ 11	
Wimpey (George)	254	+ 17	
Woodwards Hedges	273	+ 20	
Yorkville	255	+ 10	
LOOKERS	278	- 7	

## US draft space weapons treaty

**By Lionel Barber in Washington**

**US NEGOTIATORS** yesterday presented a new draft treaty on space-based weapons in talks with the Soviet Union in Geneva. It was the first US draft treaty proposal in the space and defence arms group since negotiations began in March, 1986.

The US posture could affect the success of President Reagan's planned visit this year to Moscow, where he is to discuss proposals for 50 per cent cuts in the superpower's arsenals of strategic weapons.

Soviet negotiators have made clear that such cuts can be achieved only if the Americans accept cuts on the research, development and testing of the SDI or Star Wars space-based weapons programme.

Divisions within the Reagan Administration on the research, development and testing of the SDI or Star Wars programme were reflected by conflicting reports in Washington yesterday about how the draft treaty affects interpretation of and adherence to the 1972 Anti-Ballistic Missile Treaty, which limits defensive weapons.

According to the Washington Post, President Reagan ordered his negotiators in Geneva to call on the Soviets to accept the so-called broad interpretation of the treaty, which would allow extensive SDI testing in space.

The paper said President Reagan had rejected objections from the US Joint Chiefs of Staff, who were concerned about an open-ended interpretation of an commitment to the ABM treaty on defensive weapons.

However, other reports said that the latest US draft treaty was strongly endorsed by the Joint Chiefs of Staff, who felt that lifting curbs on SDI could leave the Soviets free to deploy their own anti-missile defences.

The reports said a US administration compromise had emerged under which the two superpowers would promise to observe the ABM treaty until testing of the SDI or Star Wars programme was not ready for development.

The reports said the Soviet Union put forward a draft treaty, and

presented a new protocol on the same issue last week in Geneva. The US rejected the Soviet proposal, which effectively banned deployment of a space-based missile defence system until the end of the century.

Mr Henry Cooper, the senior US negotiator on defence and space weapons, declined to give full details of the US proposal, but said: "President Reagan stands firm behind SDI and we will here as well."

Mr Cooper said in Geneva that the new draft treaty called for a "co-operative, stable transition" to deployment of anti-missile defence systems, which were intended to stop attacking ballistic rockets.

US officials stressed that the outline treaty would remain separate from other talks aimed at reducing strategic nuclear missiles.

## WORLDWIDE WEATHER

Area	Temp	Wind	Cloud	Visib	Pressure	Humid	Sea
Algeria	17	14	10	10	1013	75	S
Amman	12	10	10	10	1013	75	S
Amsterdam	12	10	10	10	1013	75	S
Antwerp	12	10	10	10	1013	75	S
Athens	12	10	10	10	1013	75	S
Bahia	12	10	10	10	1013	75	S
Bangkok	12	10	10	10	1013	75	S
Batavia	12	10	10	10	1013	75	S
Bombay	12	10	10	10	1013	75	S
Buenos Aires	12	10	10	10	1013	75	S
Calcutta	12	10	10	10	1013	75	S
Canton	12	10	10	10	1013	75	S
Cebu	12	10	10	10	1013	75	S
Colon	12	10	10	10	1013	75	S
Hankow	12	10	10	10	1013	75	S
Hong Kong	12	10	10	10	1013	75	S
Kobe	12	10	10	10	1013	75	S
London	12	10	10	10	1013	75	S
Lyons	12	10	10	10	1013	75	S
Manila	12	10	10	10	1013	75	S
Medan	12	10	10	10	1013	75	S
Perth	12	10	10	10	1013	75	S
Port of Spain	12	10	10	10	1013	75	S
San Francisco	12	10	10	10	1013	75	S
Singapore	12	10	10	10	1013	75	S
Sourabaya	12	10	10	10	1013	75	S
Taipei	12	10	10	10	1013	75	S
Tokyo	12	10	10	10	1013	75	S
Yokohama	12	10	10	10	1013	75	S

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# WEEKEND FT

Saturday 23/Sunday 24 January 1988

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

**A** MORAL CLIMATE, in the end, is for the birds, is it not? If you truly wish to shove away — as Norman Tebbit, a former Tory Party chairman, put it — an age of permissiveness, truly wish to leave the stamp of traditional values on the society — then you must pass laws.

Next week, the House of Lords is all but certain to ensure that the first piece of legislation to stem the tide of the age of permissiveness will be described in statute. It will be known as Clause 28 of the Local Government Bill and it will lay down that "a local authority shall not:

(a) promote homosexuality or publish material for the promotion of homosexuality;

(b) promote the teaching in any maintained school of the acceptability of homosexuality as a pretended family relationship by the publication of such material or otherwise;

(c) give financial or other assistance to any person for either of the purposes referred to in paragraphs (a) and (b) above."

The immediate parent of the clause is Mr David Wilshire, Tory MP for Spelthorne. He adopted much of the wording from a clause originally proposed in 1986 by Dame Jill Knight, Tory MP for Edgubaston, and rejected as unnecessary at that time by the Government.

The Government gave a fair wind this time. Mr Charles Smith, the Labour MP for Islington, who is in the lonely position of being the only member of the House of Commons to declare himself as gay, says that "I am sure there was a conscious decision, probably on the Prime Minister's part, to allow this clause to go through."

Wilshire sent me some of the material to which his bill addresses itself. Included were excerpts from the now famous book, *Jenny Lives with Eric and Martin*, formerly available in the ILEA's teaching centre in Islington. It shows in pictures a little girl living with her father, Martin and his lover, Eric. In one scene, she wakes them up as they lie naked in bed together (covered from the boys' view). The boy's blurt says the three "all live happily together."

Another piece of his evidence is a job description for a "Lesbian and Gay Officer" for the London Borough of Ealing, among whose duties are liaison with various organisations to "promote anti-discrimination and positive images of lesbians and gay men in the community."

Wilshire says he has never claimed that such evidence is to be found widely; but "one book in one place is enough."

It is easy, amid all the talk of Thatcherism and its "new social agenda", to miss the fact that the liberal agenda has ground on. Women have secured more rights at work — much of that in European Community legislation — while the section of the Public Order Act which created a new offence of incitement to racial violence.

Local authorities, not all of them Labour, have elaborated codes of racial and sexual equality and employed officers to enforce them. The most popular show on TV — *Eustace* — is strongly liberal in racial and sexual matters, including homosexuality. And if family values are the political buzzword, it is not a coincidence that the public is valuing the (nuclear) family more: the latest Social Trends shows single families running at one in four, divorces at one marriage in eight, and "illegitimate" children at one birth in

## Forced back into the closet?

The first piece of legislation aimed at stemming permissiveness seems likely to be passed. John Lloyd reports on a threat to the homosexual movement



Five — all of these figures are the highest by far in Western Europe. Yet it is passing into established wisdom that a backlash against homosexuality is now underway. That is not surprising: the growing fear of AIDS appears to be working its subterranean way through society, sparking incidents of discrimination in workplaces: the Lesbian and Gay Employment Rights Group reported over 2,000 of these last year. Other gay groups say police harassment is increasing, while Capital Gay, a London newspaper, suffered an arson attack just before Christmas. Jeffrey Weeks, a writer on sexuality, says, "I don't think the gains made are likely to go: there are cross-currents this way and that. But the history of homosexuality is dominated by almost symbolic events: by Oscar Wilde's trial (in 1895), by the Wolfenden Report (published in 1957, which led to the decriminalisation in 1967 of homosexual acts between consenting adults over the age of 21). I wonder if 1988 may not be such a symbolic year."

It is precisely in the "cross-currents" which Weeks invokes where we must look for some clues to the riddle of the position in which the sexual majority is prepared to assign the gay minority.

Religion is one current. The Church of England, swirling between the command to love the sinner and the injunction to hate the sin, has appeared now mealy-mouthed (to the traditionalists), now repressive (to the liberals). When, earlier this month, Archbishop Runcie of the Bishop of Ripon's statement that he would not ordain actively homosexual clergymen, he was seen by the Gay Christian Movement, and by C of E liberals, as bowing to a prejudiced tide.

But he can hardly ignore his scrip-

tures. St Paul, in his Epistle to the Romans (1:24-27) talks of men who "burned in their lust one toward another... which is against nature." That is the *locus classicus* for the traditionalists; but Judaic and Christian scriptures and commentaries are replete with further prohibitions.

These shall not be moved into the law of most Christian countries: it is only in the last century, and effectively only in the post-war period, that the state's approach to homosexuality (though not that of many, many individuals) has shaken itself more or less free of a religious aura.

The Church — any Christian church — can only embrace active homosexuality in its clergy or laity if it argues — as its radicals do — that the secular liberalisation of Western societies prescribes a compensatory shift in religious leadership. That, of course, runs the risk of assisting in the transformation of Anglicanism into a secular humanism. Further, in calling for the church to cease to concern itself with private sexuality,

it seeks to excise a function which the Judaic and Christian religions have made particularly their own. In short, the change would be momentous.

Yet if we widen the focus — and part of the radical argument is that it should be widened — we can see that there is no human revision common to all societies. The Greek warriors' custom of sexually initiating boys was eagerly advertised by late 19th century radicals such as A. J. Symonds and Oscar Wilde; but Moslem, Indian and Chinese religious teachings were also either tolerant or silent on the matter.

Further, Western societies differ hugely now in their levels of tolerance. Simon Watney, a writer on sexuality, says he feels cramped and confined on returning to Britain from the US or from Continental Europe — a feeling echoed by Chris Smith and Jeffrey Weeks. Most other western societies have legitimised homosexuality over the age of 18 or less — Hungary, surprisingly, puts the age at 10. Watney says that he and others now look to the

European Court for a minimal standard of liberality which they cannot assume in Britain.

So why the fuss, here and now? Why has our tolerance been thinned and weakened — or is it a mistake to assume it has?

First, it seems hard to deny that there still exists a large reluctance on the part of the sexual majority to construct and maintain a genuinely equal status to gay people. Still implicit and explicit in debates is the assumption that homosexuality is a sickness — more than 80 years after Freud, in his *Three Essays on Sexuality*, first suggested (tentatively, to be sure) that sexual "perversions" were no more than a more extreme (uninhibited?) form of the common sexual property of us all.

This is not surprising, either. It was only in 1974 that the American Psychiatric Association removed homosexuality from its register as a "sickness." Further, it is clear that many Western cultures, perhaps particularly the British and American, preserve a "live and let live" attitude only by a constant care on the part of the gay minority not to remind the majority of their sexual preferences.

The history of homosexuality in the 20th century (and for much of that century it has been punishable, not by execution but by hard labour: "sweating it out of them") has been a series of hypocrisies, evasions, sub-cultures and codewords which has given the gay world much of its particular culture and even morality. "Everyone" could know that such-and-such was a "queer" — that word could be used unselfconsciously by liberals until two decades ago — so long as no-one, especially no-one in authority, actually had to be confronted with the clear knowledge.

Here is the second, and crucial element. Old-fashioned liberalism was able to cope with old-fashioned homosexual pressure: with discrete lobbying by such bodies as the Albany Trust and the Campaign for Homosexual Reform. But no mainstream politicians have yet learned to cope with gay liberation.

It caused, and continued to cause, mayhem on two counts: first, because it was, in its own words, "Glad to be Gay" — thus ending for its adherents the twilight world, forcing them to choose whether or not to "come out." (These agonies continue: a letter in the current issue of *Gay Life*, from Tania of Birmingham, confesses that she does not know whether or not to "come out" to her landlady; at present she pretends to be "straight." "I really feel I am doing an injustice to my gay counterparts by denying my true sexuality...")

The insights and campaigns of this movement lie behind much of the work done by left wing labour authorities, particularly the GLC, on equal rights: its assumptions and beliefs generate the energy to demand, to harangue, to denounce. In Ken Livingstone, now MP for South and former leader of the GLC, the movement found a (heterosexual) champion: under his leadership, the GLC funded gay and lesbian groups all over London. In part this was to fight prejudice in part to help construct a new "rainbow" coalition of voting strength.

But he spoke to something else. In a speech to the Harrow Gay Unity Group in 1981, soon after becoming GLC leader, he referred, in his casual, nasal way, to the prospect that the divisions of gender would break down and that "straight" and "gay," masculine and feminine, would no longer carry rigid divisions. He had put his finger precisely on the second problem within contemporary gay politics.

Weeks, in his book *Sexuality*, puts it like this: "In a quest for equality of male and female attributes, (the new sexual politics)... have caused confusion in the minds of many people, especially those threatened by other changes. In such situations, some react with violence..."

That part of gay liberation which proselytises for a new sexual order, and which sometimes conflates the call for an assured minority status with that for an overturning of all assumed statuses, presents society with a giant agenda and thus provokes great ill will. It irritates prejudice, traditionalism and even liberalism. For many, as Chris Smith, it is seen as irrelevant or utopian at a time when basic rights have still to be won.

It is scarcely likely to obtain an easy answer, scarcely likely that those who live in networks of sustenance and tradition on the basis of heterosexuality will even think of throwing them over to recast their very selves. But in determining the way in which different sexualities can live together in society, we have to be clear about the challenges being offered. One is civil libertarian, and to seek to roll that back would require a morally fundamentalist platform which does not at present seem available or, in a diverse society, desirable. The other is itself fundamentalist, revolutionary, uncomfortable and quite possibly ludicrous — and has at times forced itself upon the majority, with neither tact nor grace, while demanding to be funded out of the rates. Yet it is at least, in a free society, worth a thought or two.

### The Long View

## Market theory that makes men mad

I CAN put it off no longer. I have stood aside from discussing the efficient markets hypothesis in deference to my successor in this Saturday spot, Anthony Harris, but the time has come to intrude upon this sacred ground. There may be a body to be buried.

It is clear that financial market theorists are in deep trouble. Last October's crash broke all their rules, and so has the stock market's behaviour since then. The equity market has, after all, fluctuated relatively narrowly around the much lower levels established immediately after the crash, showing little sign of any major recovery. The crash, therefore, cannot be regarded as a mere hiccup, but to represent a drastic step change in the market's valuation basis. How on earth can this be explained?

It seems it can't. At a seminar organised in London last week by the American lawyers Mayer, Brown & Platt four academics declared themselves to be, in varying degrees, at a loss. Conventional financial market theory has been developed largely by professors at American business schools. They have erected an elaborate framework of theory based upon the assumption that the markets are rational and efficient.

One of the key concepts in randomness: you cannot predict the future movements of a share price from the patterns of the past. Another is that values can be justified in terms of rational expectations, notably through the use of asset pricing models based on cash flow. Such theories do not have difficulty in explaining normal market fluctuations. Investors' expectations about profits and dividends may be affected by events, sometimes quite sharply. Interest rate fluctuations will affect the capitalisation of future streams of dividends. But what about a 30 per cent collapse in equity prices within a few days, as happened

on Wall Street last October? With the advantage of three months' worth of hindsight it is not possible to argue that investors were profiting over the outlook for profits and dividends. There have been some inconclusive arguments on both sides of the Atlantic over the "wealth effect" of the crash, but no significant sounds of distress have been heard from the corporate sector.

Alternatively, the crash could be blamed on a sudden sharp rise in the implied rate of discount applying to future dividends. Mathematically, such a jump certainly occurred. But it would be stretching credibility to regard this as cause rather than effect.

Now, in the absence of theoretical explanations, various suspects from the market itself have been rounded up by investigators such as the Brady Commission. These wretches in the interrogation chambers include the program traders, who were engaged in furious arbitrage business with the futures market; the portfolio insurers who had promised to limit the downside risk for their clients at the expense of destabilising the markets as a whole; and the New York specialists, or market makers, who ran out of capital.

Such investigations may produce technical lessons for the regulators if they wish to find ways of reducing volatility. But the crash was not essentially about volatility — the market went down and stayed down. If there had been some internal explanation for the collapse — that is, related to the structure of the market — there should, according to the theory, have been a rapid recovery as the rational expectations of investors reasserted themselves. But the recovery did not happen. We are therefore left with the problem. In efficient markets, it is argued, asset prices accurately reflect available information. The information which could determine value did not

**The October Crash broke all the theorists' rules. It represents a change in the market's valuation basis which cannot be explained, even by academics, argues Barry Riley**



appear to change substantially during last October, so does this mean that the equity market was behaving irrationally before the crash but has since come to its senses? Alternatively, did a same market suddenly go mad on October 19?

Financial theory can cope with normal ups and downs, but not with a large discontinuity of the kind that the crash represented. Maybe the US

business school academics, before developing their theories, should have looked more closely at Wall Street's 1929 crash which was of almost exactly the same proportions as the 1987 version. But, in the perspective of history, the earlier crash has been seen as anticipating the approach of the great depression. So, although its suddenness in October 1929 may have been hard for the

theorists to accommodate, its size and direction were not. It could be that the 1987 crash will also be retrospectively justified by a future economic decline. On the other hand, it is possible to argue that the link between the 1929 stock market collapse and the slump was illusory, because the depression was caused by subsequent mistakes such as the failure to sustain the level of the money supply.

If so the current outlook for the world economy may justify substantially more optimism but the prognosis for the efficient markets hypothesis must be that much more gloomy.

This is because a straightforward explanation of how the same market can exist at two quite different levels is that there is, after all, some kind of connection between past and future prices, at least in certain conditions. If price changes are not random but are biased in a certain direction then it is possible to see how the stock market could embark upon a trend which would eventually take it to unsustainably high (or in different circumstances, low) levels.

A bull market could then be expected to end with a sudden crash to a much lower level where prices could again be reasonably stable because they would be predominantly influenced by fundamentals such as earnings or dividends but would be more or less self-validating. After the shakeout investors' attitudes would have changed, so the direction of the trend as well as the level of prices, might be quite different. Efficient market theorists are fond of the image of the drunken random walker staggering unpredictably around a lamp post. Perhaps they should now ponder on whether he actually has a slight tendency to lurch preferentially towards the door of the saloon bar. Alternatively they might consider having a few stiff drinks themselves.

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MARKETS

Not so good... and not so bad

DISAPPOINTINGLY flabby or surprisingly resilient? You could argue either view of the performance of the London equity market this week...

rise in base rates. Retail sales volume in December, seasonally adjusted, fell 1.1 per cent from November's record level.

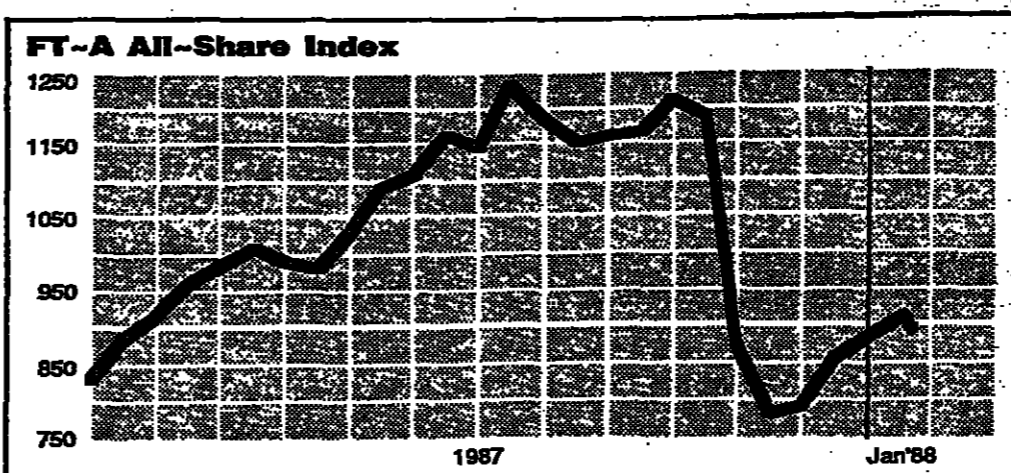
should help exert upward pressure on shares, as should the large amounts of cash flowing in the coffers of institutional investors.

London

But then on Thursday came news of a record surge of \$4.9bn in seasonally-adjusted bank lending in December, at the very top end of market estimates.

Nevertheless, the gilts market, which is hoping for a near balanced budget in March, brushed aside the landing figures to continue its recent rally.

On top of this, Calor, the gas group, announced a complicated deal under which it will spin off its oil interests - a 58.8 per cent stake in Century Power and Light.



Also injected into this vehicle will be the UK oil and gas interests of SHV. This private Dutch company currently owns 29.9 per cent of Calor but will increase that stake to 40 per cent by accepting shares in exchange for its oil interests.

swirling round the oil sector, shareholders might well wish to hang on to their new certificates. There is one other participant in this reshuffle: Carless Capel & Leonard, the oil independent which holds the balance of the shares in Century.

about the future sterling trend of oil prices and remarkably low discount rates. Investors in Britoil might ask why, if the company is now worth so much, its shares were previously so undervalued.

No tears at the funeral of the OTC

THERE WILL be few elegies for the death of the Over-the-Counter-Market. This is looking more and more likely in April when the Financial Services Act renders many of the current arrangements to buy and sell OTC stocks illegal.

HIGHLIGHTS OF THE WEEK

Table with columns: Price y'day, Change on week, 1987/88 High, 1987/88 Low, and a brief description of market events like 'World trade worries resurface', 'Impressive first-half results', etc.

Most of the deals on the OTC have been on a matched bargain basis, which meant there was no ready market. Dealers will also have to disclose all house positions and warn investors if they are uncertain about the quality of a particular stock.

Junior Markets

ing have to set up a separate company and apply for membership of the Stock Exchange. To ensure compliance, it is intended to carry out a series of regular checks.

Stock Exchange, which raises doubts about its long term future and the 80 or so stocks in which it makes a market. According to Mr John Harrow of the Stock Exchange, Harward will be able to make a market outside the stock exchange, but will have to include a warning on contract notes.

Even if an existing OTC dealer is granted membership of the Stock Exchange, there is no guarantee that the companies in which they make markets will be accepted on the third or Unlisted Securities Market because of the more stringent requirements set by sponsors for a listing.

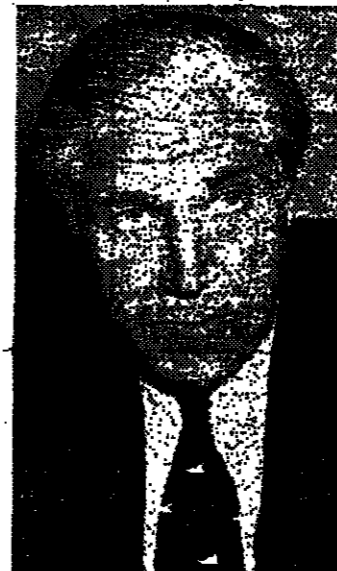
under rule 535 (2), six were quoted on the USM and only three had a full listing. To qualify on the third market, which is expected to be established by the end of 1988, companies need one year's audited results and pre-tax profits of, on average, at least \$100,000.

The demise of the OTC may well be good first birthday news for the third market, and some kind of regulation and investor protection is long overdue. However, there is an added danger that the sharper operators who are able to exploit those investors unaware of the new regulations will escape.

Heather Farmbrough

Rank expected to top £200m

ON THURSDAY, pre-tax profits at RANK ORGANISATION should come in above £200m for the year to October 31, a 22 per cent advance on the \$164.1m result in 1985-86. Its 48.8 per cent stake in Rank Leisure should contribute \$109m (£81m) of the total, with currency benefits magnifying the underlying 20 per cent organic growth.



Analysts are also looking for a 2p rise in the final dividend, to 13.75p. The 31p total would put the shares on a yield of 4.7 per cent.

In the wake of the disposal of its making travel business, Rank is expected to concentrate on expanding holiday centres and hotels, perhaps with additional US management contracts, and its exposure at the technical end of the entertainment industry.

Tiny Rowland, the head of Lonrho, looking for profits from the mining and refining sector.

Results Due

Western Platinum, acquired by Lonrho last February, has already announced increased profits for the year.

of ISC is likely to have cost; nor do they have any collective idea of the impact of exchange rates on the enlarged group. Matters will be complicated further by the obligation under US accounting rules to present the two company's results separately before adding them back together again.

Thus, the City is in a state of some disarray and forecasts for the interim figures due on Wednesday range from \$30m to \$40m for the merged company.

Various international crises - the Mexico earthquake, Chernobyl and the Libyan bombing - have pressed 1987/88 down the leisure sector, but the Princess hotel chain in the Americas and the UK Metropole hotels look like showing a recovery in 1987/88. The Bryan US car market means new distribution may also show growth.

The company's debt restructuring and lower interest rates will probably offset the worst effects of currency fluctuation on Lonrho's figures.

Analysts will be scanning W E SMITHS interim announcement on Wednesday for the latest news of two events that took place after the November period end. Christmas trading is expected to have been good, but WH Smith has already said that it expects to lose \$40m of turnover because of Rupert Murdoch's planned changes to his newspaper distribution system.

The interim figures are expected to show pre-tax profits of about \$30m, against \$25.8m in the first half last year. However, a lot will depend on the contribution of property profits.

The Do-it-All DIY stores are expected to have performed particularly well, but the company's US operations will have been hit by the fall in the dollar.

Interim figures due on Tuesday will include profits from Vodaphone for only the second six-monthly period after several years of development, and are expected to be behind a rise in pre-tax profits of \$16m to around the \$4m mark, against \$25.1m in a depressed first half last year.

BLUE ARROW is set to announce its annual results on Tuesday after a dramatic year in which it made a \$1.3bn acquisition, Britain's biggest ever rights issue, left in and out of the FT-SE 100 and received Norman Tebbit as a director.

The share price of Blue Arrow, having soared in the first half of the year, was battered by the effects of the \$387m rights issue to fund the Manpower acquisition and the post-Black Monday retreat from shares with US links.

COMPANY NEWS SUMMARY

Table listing various companies like Alcoa Int'l, Birmil Qualcast, Britoil, etc., with columns for Value of bid, Market price, and other financial metrics.

\*All cash offers. †Cash alternatives. ‡Partially paid. §For cash not already held. ¶Unconditional. \*\*Based on 2.36 pence 15/1/88. ††At option price. Shares and cash. †††Related to NAV to be determined. ††††Non stock. †††††Suspended.

PRELIMINARY RESULTS

Table showing preliminary results for various companies like Ace Helicopters, Allied Textiles, Britoil, etc., with columns for Pre-tax profit, Dividend, and other financial data.

INTERIM STATEMENTS

Table showing interim statements for various companies like Albiograph, Applied Photographic, Asda-MFI, etc., with columns for Half-year profit, Interim dividend, and other financial data.

(Figures in parentheses are for the corresponding period). †Dividends are shown net of tax, except where otherwise indicated. L = loss.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Carson PHEASANT is joining the USM via a placing valuing the group at £13.3m. Hambros Bank is placing 4.05m shares at 120p each. Firststep is seeking an introduction to the USM.

RESULTS DUE

Table listing companies with their results due dates, such as Associated Fisheries, Balfour Beatty, British Airways, etc.

Checklists are shown net of tax and are subject to any intervening stock issues.

Advertisement for 'The London Motor Conference - Manufacturing, Components and the Aftermarket' held on 15 February 1988.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table showing interest rates for various financial products like Clearing Bank, Building Society, National Savings, Money Market Accounts, and British Government Stocks.

\*Lloyds Bank. †Halfpenny 90-day; immediate access for balances over £5,000. ‡Special facility for extra £25,000. §Source: Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. † Paid after deduction of composite rate tax. ‡ Paid gross. †† Tax free. ††† Dividends paid after deduction of basic rate tax.



MARKETS

# New equity gets a chilly welcome

IT MUST have seemed like a good idea at the time. An unexpectedly low US trade deficit for November had provided a buoyant finish to the previous week and the French franc was holding up well in the currency markets.

A week on, Paris brokers are wishing that Finance Minister Edouard Balladur had not had the bright idea of restarting his privatisation programme where he left off in October by relaunching the flotation of Matra, the defence and electronics group.

It is not that the operation is a particularly heavy drain on resources: the public offer is only FF410m. But with the Paris bourse plunging sharply down 10.49 per cent in the ordinary account period, more than half of that in the past week nobody wants to look very hard at new equity.

"If you reason over three years, then you should probably be looking for bargains now. But if you reason over the next 12 months, then you are almost certain to be able to buy cheaper later on," said one French fund manager who had cut his equity exposure to 33 per cent before the October crash and is now down to 12 per cent.

The Finance Ministry defends itself against the charge that it wanted to make a political point by pressing ahead with the privatisations, which were, until October, at least, the main feather in the Chirac Government's cap. Officials argue that if Balladur had wanted to prove something about privatisation, he would

not have chosen a tiny operation like Matra but one of the big companies waiting in the wings - most likely the UAP insurance group.

What the minister did want to prove was that the Paris market could and should continue to function normally after October's tumble. "Life goes on after the crash," said one official.

The ministry does, however, seem to have been a little wiffling in its calculations of stock market activity. After repaying the last FF30bn of the maturing gold-linked Giscard bond,

## World Markets

and after having to increase the new government bond issue aimed at the individual investor from FF85bn to FF77bn in order to meet public demand, officials blithely dismissed suggestions that such a small flotation as Matra could put the market under pressure.

The bond market is one thing, though, and the equity market another. Of course, 270,000 people applied for shares in the Matra offering at the height of the stock market hurricane, and Jean-Luc Lagardere, chairman of Matra, is aiming only for 150,000 small investors in his company.

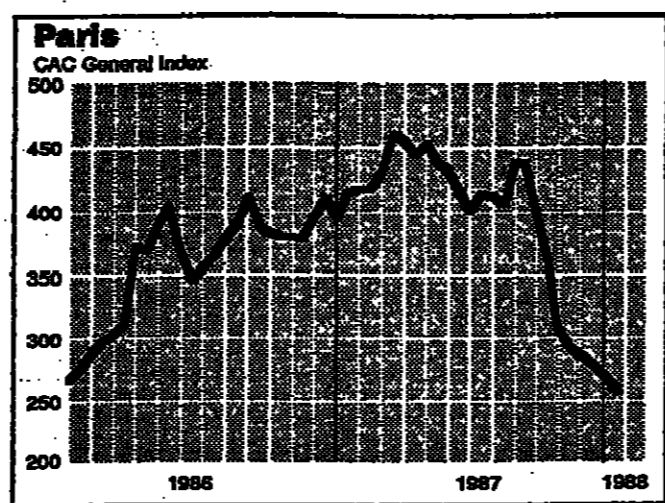
In addition, both Lagardere's private MMB holding company, and other companies which were selected by the Finance Ministry to form Matra's "hard core" of friendly shareholders, are committed to increasing their stakes - which now range from 2 per cent up to 6 per cent - by purchases in the market.

All the same, small shareholders may not be too enthusiastic after the experience of the privatisation of Suez, where dealings opened 17.7 per cent below the issue price.

Investors have continued to subscribe to French equity mutual funds at the rate of about FF1.7bn a month since the crash, but many of these are bound to keep up their investments to comply with the conditions of the accounts they opened under the Monory tax incentive scheme and its successors.

Over 1987 as a whole, net purchases of Monory-type mutual funds fell to FF2.5bn down 60 per cent from 1986. Net purchases of international funds also fell by more than half, while subscriptions to domestic property and diversified funds dwindled to less than a tenth of their 1986 level.

If confirmation were needed of the market's reluctance to take the plunge, it came from St Gobain, the first company to be privatised and one of the most



heavily-traded stocks. Although it avoided the downwards movement that hit the rest of the market yesterday, the response to its 90 per cent increase in net profits last year was little better than lukewarm.

Phillips and Drew, the London broker, put out a buy recommendation earlier this month for the glass and packaging group on the basis of forecast group profits of FF2.5bn, a 72 per cent rise. In fact, St Gobain provisionally announced profits of FF2.75bn, maintaining the

strong advance of the first half which many analysts had expected to slow down in the second.

For Jean-Louis Beffa, St Gobain's chairman, the gap between the market's gloom and the buoyancy of the real economy has become too wide. "The stock market is showing much too much pessimism about all shares and particularly about St Gobain which is, nevertheless, doing better than the market average. The overall pessimism is very marked," he said.

His view is shared by Jean-

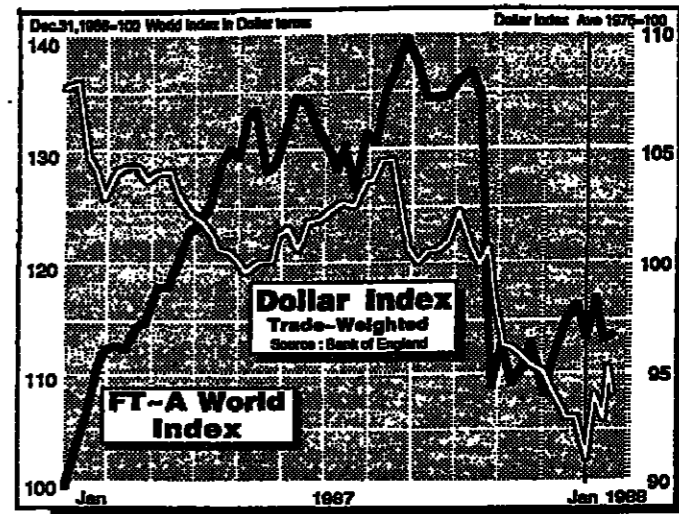
Luc Lagardere of Matra. "Normally the financial markets reflect economic life. Today it is certain that there is too great a gap between the two," he said, adding the hope that his group's privatisation would help to restore confidence in the markets.

Only takeover anticipation now appears to be enough to arouse the enthusiasm of the market, and despite activity in the drinks sector, and speculation that extends even as far as the foods giant BSN, this has not been enough to sustain it.

"When all is said and done, the fall of share prices has brought the market back into a price zone which corresponds better to the fundamental parameters of financial evaluation," concluded the Commission des Operations de la Bourse (COB) in its recent analysis of the world stock market crash.

Many of the financial analysts who stand accused of ignoring the real world now plead guilty to the charge for the period that came to an end in September and October. Now, they say, the market valuations of companies are coming back into line with reality.

Over the period 1981 to 1986, during France's bull market period, earnings per share grew by an average of 35.2 per cent a year and dividend payments by 11.5 per cent. But price/earnings ratios grew from a



market average of 14.3 in June 1982 to 17.7 in June 1987, and yields dwindled over the same period from 5 per cent to 2.8 per cent.

The COB might, fact, be responsible in part for the restatements of many market operators this week. Its decision to rebuke publicly two stockbroking firms, Boscher and Puget, and one merchant bank, Louis Dreyfus, for their handling of major trades in the shares of La Redoute, the mail order company, has sent a shiver through the market.

Both Boscher and Puget reject indignantly any suggestion that they acted improperly. Other brokers note that similar transactions are relatively frequent, and complain that there is a

lack of clarity in the market rules which hinders intermediaries from acting on their own accounts, as they must do in today's market.

Many bankers, however, feel that it is about time the brokers were called back into line. Some of the banks which have bought stockbroking firms have already made sweeping changes in the internal rules on dealing by their employees.

Personal account dealings on the back of a client's orders are only a small part of the business, they hope that the COB's baring of its teeth might frighten brokers away from this practice.

George Graham

# Bears set for a long run

HOPE SPRINGS eternal and this means that the bear market which began last August still has a long way to run. At times like this, it is worth remembering that hope is the fuel that drives every bear market downward. As long as there is hope, there are over-committed speculators still to be disappointed and dammed-up selling pressure is ready to flood the market if the illusions should be dashed.

Nothing could have illustrated this commonplace market observation better than this week's reaction to quarterly financial statements from many of the biggest and most important companies in the US. However big the gains announced in corporations' earnings, the market was constantly disappointed. It seemed that the shock administered by the crash in October had not shattered investors' fantasies after all.

Thus, in a week when inter-

national Business Machines reported its first annual earnings gain in three years, the Dow Jones Industrial Average fell by 60 points, 57 of them on the day after IBM's announcement. Other computer companies, ranging from Apple and Compaq to Control Data and Unisys, announced profits that could be described only as stellar - and promptly saw their

## Wall Street

stock prices collapsing to within a few percentage points of their post-crash lows.

IBM's earnings jumped 52 per cent in the fourth quarter but its stock fell on Tuesday and Wednesday by \$7 3/8 to \$110 3/8, less than 7 per cent above October's low of \$103. Apple doubled its profits and its stock fell by almost 10 per cent within minutes of the

announcement. By Friday morning it was trading at \$89, just 5 per cent higher than its price of \$87 on October 19.

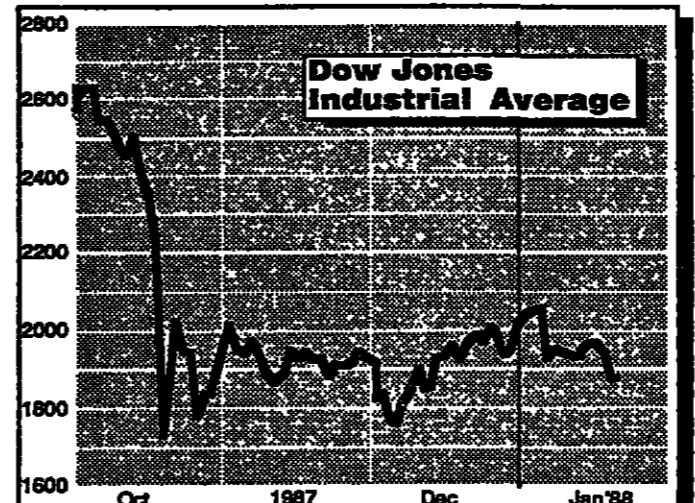
Time and again, investors were left bewildered this week by this dichotomy of soaring profits and slumping share prices. And as the strong earnings figures poured in from the electronics companies - the biggest group on the market in terms of capitalisation and the one considered to be most significant as a harbinger of performance in the US economy and the market as a whole - the whole structure of stock prices on Wall Street began to tremble and shake.

The 57-point blow which hit the market out of the blue on Wednesday was frighteningly reminiscent of the sudden 140-point drop on Friday two weeks ago. As the market collapsed for no accountable reason at lunchtime on Wednesday, more than a handful of investors were thanking their lucky stars

that the New York Stock Exchange had decided to curtail its computerised programme for the 140-point rout on January 8.

With programme trading effectively banned on any day when the Dow swings by 75 points from its opening level, the unstoppable tidal waves of

"There are still far too few people who take seriously the possibility of recession" selling which had become so familiar since October did not develop on Wednesday afternoon. But there was little cause for cheer in the halting recovery on Thursday and Friday morning. As in the case of the unconvincing mechanical rebound from the market's tumble on January 8, there seemed to be little confidence behind Thursday's feeble gain of 0.14



points on light trading of just 155m shares.

The past three weeks' performance, in a nutshell, seems to display all of the classic signs of a serious bear market. But is it not precisely when all hope seems lost, when investors have

become totally bearish, that the best buying opportunities arise? The answer clearly is yes; yet anyone who ventures into the present stock market on this simple contrarian argument is liable to be badly burned.

For while investors may seem

to be acting in a profoundly pessimistic manner, the ruling passion in market psychology is still hope. The evidence of over-optimism comes not only from the market's churlish reaction to good earnings figures; it could be argued, after all, that analysts had simply led investors astray in the short term with their over-exuberant forecasts for computer stocks. The market, on this theory, is now undergoing a healthy adjustment to more realistic expectations.

But what is more dangerous than the attitude to individual companies is the apparent consensus among investors on the macroeconomic prospects for the US. There are still far too few people on Wall Street who take seriously the possibility of a recession. To be sure, arguments flare occasionally among economists on whether the probability of a recession before the next presidential election is closer to 5 or 10 or 15 per cent. But to any but the most nimble traders, such debates are really beside the point.

To longer term investors, the real issue should be whether a

recession is likely within the next two years or so, not if one is going to begin before or after November 1988. For if a serious recession does develop this year or next, it will shatter the only sustained reason for buying equities at present prices.

We are told by the bullish fundamentalists that the price-earnings ratio on the Dow is now almost precisely equal to its 60-year average of 13 1/2 times. What better argument could there be for the case that the stock market is no longer overvalued? The answer is obvious. If corporate profits fall in a recession, the price-earnings ratio will rise again to dangerously overvalued levels. When almost nobody on Wall Street seems to be raising this objection, it is safe to say that the bear market has only just begun.

Anatole Kaletsky

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## CARROLL INDUSTRIES PLC

Year ended 30th September 1987  
Extract from the Chairman's Statement.

### LOOKING TO THE FUTURE

For the past 2½ years I have been combining the roles of Chairman and Chief Executive Officer, in order to develop a coherent and integrated policy for the continuing growth of the Group into the next decade.

Sufficient progress has now been made to bring that phase to a conclusion and with effect from 1st January 1988 David Fish has been appointed Chief Executive Officer of the Group and he will be responsible to the Board for securing the realisation of our objectives. I revert to the role of Chairman of the Company.

In my review this year I concentrated on the key policy matters which we have been addressing over the past two years and which will govern the future of the Group. I think it fair to say that the Group is now well placed.

Management has continued to maintain satisfactory levels of operating profit in the established businesses, tobacco, and print and packaging. The foundations have now been laid for new business activities which provide real bases for growth in the future.

Although it would not be reasonable to expect the new activities to contribute to profits this year or next it would now seem reasonable to look for a positive contribution in 1990 and, if we can realise our plans, from that date forward the contribution should start to become significant.

What is particularly satisfying about the past year is that the results from the established businesses have been sufficiently good to enable us to charge off large investment expenditure in new business development, to make provision for rationalisation and restructuring and to enable us to recommend an increased dividend sufficient to maintain the value of its purchasing power in the hands of shareholders. Looking forward, and given the emphasis that I have placed on sensible treatment by Government of the Tobacco Division, the Group's financial capacity seems fully adequate to enable it to implement its strategies.

The past two years may fairly be described as dramatic in terms of the issues which the Board has addressed and remarkable for the amount of change which has been achieved.

Change is not easy, for many it is painful, and the uncertainties associated with it can sometimes be threatening. It is important now to maintain the momentum to implement the chosen strategies and to ensure that they are widely understood, so that each individual can relish the satisfaction of realising the contribution he or she is making.

That is the task which David Fish is now undertaking. He has the full support of the Board in the challenging opportunities which lie before him and he has behind him the support of management and employees which has been so outstanding in the difficulties we have all been confronting as we have been preparing the groundwork for success in the future.

DONAL S. A. CARROLL,  
CHAIRMAN.

## FINANCE & THE FAMILY

Barry Riley meets US investment guru George Soros

# An alchemist eclipsed

"WE'VE BEEN in the sunny period, now it's sort of shady," says George Soros, the remarkable New York fund manager who in less than twenty years has turned each \$1 investment into some \$160. "I am taking a cautious and defensive position," he adds.

Soros not only runs Quantum Fund, based offshore in Curaçao, but he owns a 15 per cent chunk too. That makes him a very rich man and a regular constituent of the list of America's top earners, although he is currently a little less rich than when the fund peaked in value at \$2.6bn just ahead of last October's crash.

Born in Hungary 57 years ago, Soros was brought up and educated in Britain. His first job was at the London merchant bank Singer & Friedlander, but in 1966 he departed for the more promising shores of the US. He founded Quantum Fund in 1969.

This week he returned to London to promote the British publication of his book in rather different circumstances to those in which the original American edition was published last summer. Then the interest was in why Soros was predicting a crash, how the more awkward question he is facing is why he failed to profit from his forecast when the crash duly arrived last October.

Soros turned out to be looking in the wrong direction at the crucial moment. On October 14 the Financial Times published a hard-hitting article by him in which he argued that a bust was looming in the Japanese

stock market. The article was both very right and horribly wrong. It was right because, uncannily, October 14 marked the top of the Japanese market, when the Nikkei Average reached 26,046 (it is now under 22,000). But the error was that Japan's shakeout was to be relatively mild. The crash actually started in Wall Street and was much more severe there. For Soros, who is said to have been short of Japanese stocks at the time and long of Wall Street, the mistake proved expensive.

Quantum Fund lost almost a third of its value within a few days. But nevertheless it was still up 13 per cent for the full year. It's not a great performance, but it's not bad coming on top of three bumper years," observes Soros. In 1985 the fund achieved a phenomenal return of 123 per cent.

George Soros is a highly aggressive investor. Unfettered by most of the restrictions which apply to onshore funds, he invests globally in stocks and bonds, is active in futures markets, including commodity markets, and is constantly changing his currency exposure. He is prepared to leverage the fund by borrowing money.

His book sets out his underlying philosophy relating to the "irrationality" of the markets, but this is no manual in the tradition of "How to make a million on the stock market." It is clear that you need a great deal of expertise to follow Soros's example, and a lot of nerve too. Many of his moves pay off, but by no means all.



George Soros: taking a cautious position.

What went wrong with his Japanese prediction? He says he simply misjudged the political situation. "If it hadn't been for intervention the market would have crashed. But it is clear that the Japanese Government is on the line to prevent a crash, and I give them credit that once they have made a decision on policy they can take the steps to prevent a crash. I think that the bubble will continue to be inflated, but the Government will be able to arrange a soft landing."

As for Wall Street, he remains cautious. "I don't think the ingredients are there for another crash. But the ingredients are there for a bear market."

Soros rules out a re-run of

events after the 1929 crash, when the stock market suffered further severe declines until 1932. He does not believe the future will be quite so bleak. At the same time, he cannot see a recovery in the stock market in the near term.

"I think that we are in for a lean period for financial participants, when the chances of making money will be much less than they were in the past few years. There are times when it is easy to make money and there are other times when it's difficult," he says.

"The markets remain destabilised, you have seemingly irrational moves in the market which discourage investment in stocks. The perceived risk of owning shares has increased, therefore the risk premium demanded for investing in shares has risen."

He sees an improving near-term trend for the dollar, but the fundamental imbalance originating in the US budget deficit has not been corrected, and will not be until there is a recession in the US.

The markets are condemned to protracted uncertainty because the US authorities will not countenance a recession: "I am prepared for a difficult period, where good moves don't bring great results and bad moves are severely penalised," says George Soros, adding: "I am in a fortunate position in that I run the fund as my own money. Not losing is at least as important to me as winning." *The Alchemy of Finance, published by Weidenfeld and Nicolson, £18.00.*

## Defensive play

FORTRESS FUND is the name given to an extra-income unit trust being launched by Kleinwort Barrington today. The name is aimed at highlighting the defensive qualities of the fund, which is planned to provide an above-average income yield, as well as capital growth over the long term.

The fund will invest mainly in the UK, with a mixture of high-yielding fixed-interest securities and income shares of split-level investment trusts. Initially the portfolio will be divided into 40 per cent shares, 35 per cent convertibles and 25 per cent investment trusts.

Estimated gross initial yield will be 6.25 per cent, making it reasonably competitive with building society and bank interest-yielding accounts, which do not have heavy capital growth potential but are, on the other hand, free of risk.

David Glasgow, managing director of Kleinwort Barrington, says that the idea of the fund was conceived before October for investors whose

income was being reduced by the low yield on shares. Now it was also suitable for those seeking long-term growth without undue risk. Accumulation units would be available for those investors.

The unit price will be fixed at 50p during the launch period until February 12. Minimum investment is £500. Charges are a standard 5 per cent initial and 1 per cent annual.

Crown Unit Trust Services is launching two funds today, which it claims will "enable investors to take advantage of current low stock market prices."

The group does not seem too worried by the uncertainty surrounding the markets. One of the new trusts, the Crown Investment Trust Fund, is aimed at the "10 per cent of every investor's portfolio that should be a little adventurous."

Second of the funds, Crown Managed International Equity Trust, is more conventional, with the emphasis on blue-chip investments worldwide. Initially 60 per cent of the portfo-



Ho will be in the UK, with 15 per cent in the US, 10 per cent each in Canada and Japan, 8 per cent in Europe and 2 per cent in the Far East.

Both trusts will be offered at a fixed price of 25p a unit until February 12. There will be a 1 per cent bonus allocation during this period. However, Crown reserves the right to close the fixed price offer early in exceptional stock market circumstances. Minimum investment in each trust is £500. There is an initial charge of 5.25 per cent, plus one per cent annual management fee. Estimated gross starting yield on both funds is just 1.5 per cent.

John Edwards

## One up to units

THE OFFICE of Fair Trading is worried that unit trusts will have an even more competitive edge over investment trusts as the public turns to the Financial Services Act becomes operational in April.

This is a conclusion reached by Sir Gordon Borrie, Director General of Fair Trading, in his report out this week on Imro's (Investment Management Regulatory Organisation) rule book.

Controls being placed on both investment and unit trusts, in relation to investment activities, are the same. The management groups running both kinds of trusts have to be authorised by Imro, a self-regulating organisation within the financial services framework responsible for supervising investment management.

However, permitted marketing methods will be quite different for investment trusts and unit trusts.

The marketing of investment trusts remains with Imro, but unit trust marketing is covered by another self-regulating organisation, Lauto (Life Assurance and Unit Trust Regulatory Organisation). And the two sets of rules are different.

Under Lauto rules, existing marketing methods of unit trusts have not only been maintained but have been extended so they are treated on a par with life assurance contracts. Thus, unit trusts can be promoted and sold "off-the-page" through newspaper advertisements. They can be sold through unsolicited calls by intermediaries dealing directly with the public or through direct mail shots and other means.

This is not the situation with investment trusts. Investments trusts are companies, with memoranda and articles of association, and have been extended their regular saving schemes and the groups are currently using this method of promotion as hard as they can.

At the moment there is an apparent loophole which enables investment trust management groups to promote their regular saving schemes and the groups are currently using this method of promotion as hard as they can.

However, Imro is not only maintaining the company law requirements preventing promotion of investment trusts, it is also closing the loophole on the promotion of investment trust savings schemes and this is causing uneasiness at the Office of Fair Trading.

The Association of Investment Trust Companies (AITC) has consistently maintained that under the "best advice" rules enforced by the Financial Services Act, brokers and intermediaries have a duty to recommend investment trusts, even where the interest of commission paid by unit trust groups.

So the OFT is recommending that the whole situation is kept under review to see how it works in practice. If it turns out to be unsatisfactory, working against the interests of investors, then the OFT could make a further report.

Eric Short

## Screen service grows

NATIONAL Westminster Bank is extending its touch-screen share dealing service at 20 branches from Monday. Instant dealing in 20 leading UK shares will be offered to personal customers of the bank using the in-house touch-screens introduced in December 1986 to deal in privatisation issues.

A customer will be able to buy and sell up to £10,000 of shares in the 20 companies at "best execution" prices on the stock market - not just through the Nat West market-making company - and receive a contract note immediately. Settlement is made to the customer's Nat West account on dates set by the Stock Exchange.

Commission charges are the same as for normal Stock Exchange transactions through Nat West branches: 1.5 per cent on the first £5,000; 1 per cent on next £5,000. There is a minimum charge of £25 except for sales below £125, when the charge is a hefty 20 per cent of the value.

TSB England & Wales is introducing on Monday a high-interest cheque account. It will pay 5.5 per cent net (gross equivalent 7.53 per cent) interest on balances over £2,000. Customers have instant access to their money but withdrawals or payments by cheque are limited to a maximum of £200.

The Household Mortgage Corporation has reduced its home loan rate for new applicants from 10.15 to 9.95 per cent, with immediate effect. The rate will be extended to the company's existing customers from March 1, providing there is no rise in bank base or money market rates.

The Norwich and Peterborough Building Society is offering new mortgages at an interest rate of 9.95 per cent, fixed for 12 months. After the first year, the rate will revert to the society's normal variable level, currently 10 per cent.

## Blow to PEPs

THE Inland Revenue moved this week to block a tax loophole in Personal Equity Plans (PEPs), but you may still be able to use a PEP to reduce your capital gains tax bill.

Revenue was spurred into action by legal advice that, under existing legislation, losses incurred within a PEP could be offset against capital gains tax liabilities incurred outside the plan.

As Norman Lamont, Financial Secretary to the Treasury, pointed out, this was not the Government's intention. In effect it meant investors in a PEP were benefiting both ways - being free from paying income tax or capital gains tax and at the same time being able to use any losses to reduce their capital gains tax bill.

The Government intends to include a proposal in this year's Finance Bill, which will stop this happening. However, the legislation will be retrospective in that it will apply from the date of the announcement, January 18. Therefore, after that date you will not be able to take advantage of the tax loophole. Losses incurred before January 18 in a PEP plan can of course be offset against capital gains, so you should check the statements of dealings supplied by all plan managers - since PEPs are essentially personal portfolios - to see whether you are entitled to relief.

However, the Revenue admits that even with the new legislation there will be nothing to stop you abandoning your PEP at any time before the end of the first qualifying period on December 31 and using any losses to offset against capital gains tax liability. If you do abandon a PEP before it "matures" you will lose the tax-free concessions, but these might not be worth much if you are losing money.

Assessing the investment performance of PEPs is difficult and possibly confusing, since many of them include a large element of investor choice, are started at different times and contain wide variations in the charges made, which all have to be taken into account when calculating your final return.

Meanwhile, PEP holders who had their money all in cash during 1987 have only until the end of the month to decide how

it should be invested. Although interest was paid gross, the return on sticking to cash was not that good, since the normal PEP charges were deducted to cover the cost of setting up the plan.

In 1988 the percentage of cash that can be held is restricted to a maximum of 10 per cent, since the idea of PEPs is to encourage wider share ownership. If you do sell holdings you have to reinvest 90 per cent within 31 days. The ability to keep 100 per cent in cash last year was a special concession during the introductory period.

Fidelity, the leading promoter of PEPs last year, confirmed this week that it would not be offering a PEP this year at least until after the Budget (now fixed for March 15) and only then if improvements to the scheme are announced by the Chancellor.

Barry Bateman, of Fidelity, said it was not worth continuing with the scheme under its present conditions, since it was expensive and difficult to run and was not attracting the first-time, or small, private investor at whom it was supposed to be aimed.

This view is hotly shared by Lloyds Bank, which became a firm market leader, selling over 50,000 PEPs last year, worth some £86.3m. Fidelity was in second place with about 30,000 plans.

Of the total, 83 per cent plumped for the managed fund and only 17 per cent for the own-choice version. The managed fund ended the year with a modest return of 3.5 per cent, but this was after the stock market crash and after all charges had been deducted.

A "Pick of the PEPs" competition has been launched by Save & Prosper, third biggest seller of PEPs last year with 27,000 plans. The competition is open to anyone opening a £2,400 dealing account plan with the company by March 31. It offers a top prize of £5,000 for the customer with the best performing plan at the end of November. Quarterly prizes of £1,000 will be given at the end of March, June and September for best-performing plans for these periods.

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FINANCE & THE FAMILY

Eric Short continues a series on pension options from April

# How to profit from Serps

FROM APRIL, employees will have the final choice in deciding their pension arrangements as they will no longer be forced into their company scheme. They have three options: rely entirely on the State, join the company plan or make their own individual arrangements. It is possible to combine all of these.

The philosophy behind the Government's reform is to reduce the number of employees relying on the State and provide a wider pensions choice. However, if employees do nothing they will be in the State scheme by default. So, any analysis of the options should start logically with a consideration of what the State offers.

Its provision is two-tiered. The first is the basic flat-rate pension to which every working person (employed and self-employed) contributes and from which they get money ultimately, irrespective of any other pension arrangements. The weekly payments as from April are £41.15 for a single person and £66.90 for a married couple.

The second tier is the State Earnings-Related Pension Scheme (Serps), introduced 10 years ago by the Labour Government to provide earnings-related pensions as an alternative to company earnings-related plans. It is available only to employees.

As usual with schemes designed by civil servants, it is extremely complex and this has been increased enormously by the changes contained in the 1986 Social Security Act.

Serps is a defined-benefit scheme - ie, the benefits are set in advance as determined by the government. The contributions required to meet the cost of these benefits are then calculated by the Government Actuary.

The pension entitlement relates to an employee's average earnings between two limits during his or her working life, the relevant earnings in each financial year being kept separate for calculation purposes.

These limits are defined as a Lower Earnings Limit, equivalent roughly to the single person's basic pension; and an Upper Earnings Limit, which is approximately 1.5 times National Average Earnings.

Each financial year, the employee's earnings between these limits are assessed and recorded. In each successive year, the earnings for a specific year are revalued in line with National Average Earnings up to the time of retirement. For the State scheme, this is still

fixed at 65 for men and 60 for women.

The averaging formula for determining an employee's pension entitlement was changed in the 1986 Act, thereby highlighting the transient nature of the scheme. The effect, as seen below, will be to cut back severely on the ultimate pension paid (which is revalued in line with the rise in the Retail Price Index).

However, the changes are being phased in over a 12-year period so almost all employees need to understand both the old and the new structures in order to understand their Serps entitlements.

Under the old scheme, for retirements up to 1988/89, the pension entitlement was 1.25 per cent of each year's revalued earnings from the start date 1978/79, the maximum number of years allowed being 20. For retirements after 1988/89, the pension would have been based on 1.25 per cent of revalued earnings in each of the best 20 years.

Overall, the maximum Serps pension was obtained with a minimum of 20 years' earnings and would be 25 per cent of the average of these 20 years. A widow was entitled to 100 per cent of her husband's accrued Serps pension entitlement.

NEW SCHEME. The Serps pension entitlement will be 20 per cent of the average revalued earnings taken over the whole working life of the employee from a start age of 16.

Thus, a man has to work for 40 years, and a woman for 44 in order to qualify for the maximum pension of one-fifth of average lifetime earnings. But it is virtually impossible to get the maximum pension, with employees missing years at the

start because of continuing education and many men also missing years at the end because of retirement before age 65.

Spouses get half their partner's Serps pension entitlement. If the spouse has his or her own Serps pension, the combined pension cannot exceed the maximum single person's pension.

However, the full effect of the new scheme will apply only to employees starting work from April. For existing employees retiring from April 1989, there is a long phase-in period combining the two systems, as follows:

Employees must consider their earnings in two parts, the

entitlement on his or her own. However, a statement of present entitlement and expected pension at retirement, assuming average earnings rise by 1.5 per cent a year more than prices - with both figures given in today's money values - can be obtained from the Department of Health and Social Security.

Employees should apply at their local DHSS office for form NP88. If there are problems and, from readers' letters, it appears that many offices are unaware of this service - then they can apply direct to the DHSS on freephone 0800 666 666.

As seen above, the benefits provided by Serps are somewhat low. But the cost also is low. Although there is not a specific contribution as such for Serps, one can assume it to be the National Insurance contracted-out rebate. From April, this is 6.5 per cent of earnings between the limits mentioned above - 2 per cent paid by the employee and 3.5 per cent by the employer.

The cost of the basic pension is far higher.

On the face of it, the Serps option seems a non-starter in an employee's choice. But when life companies, like Allied Dunbar, include Serps in their overall pension planning programmes, then it must have a role to play - a role not foreseen by the Government.

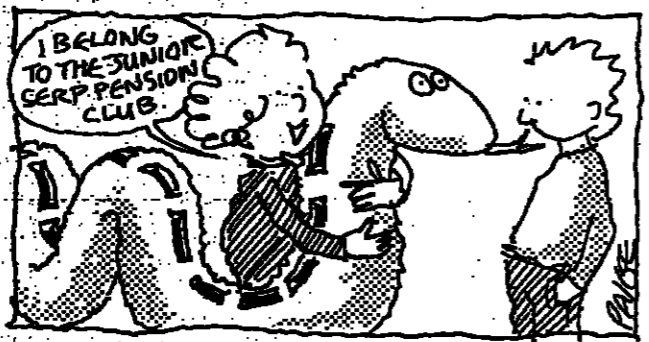
Employees pay a level contribution as a percentage of earnings for their Serps benefit, irrespective of their age or sex, since the scheme is funded on a pay-as-you-go basis - present contributions pay for present pensions.

On a funded basis, the cost of each year's Serps entitlement rises with the age of the employee, being as low as 2.2 per cent for men aged 16 to 24 and 12.5 per cent for women aged 55 to 59 (according to the Government Actuary's calculations).

On his assumptions, an employee can use the 6.5 per cent contribution to buy higher pension benefits in the private sector up to age 50 for men and age 40 for women. But above these ages, the 6.5 per cent contribution secures higher benefits from Serps compared with private provision.

So, the strategy being recommended by many life companies and advisers is for employees to contract-out of Serps below these ages and switch into Serps when these ages are reached.

If employees are already past these ages, then they stay in Serps and secure additional personal pensions on top. The details of strategy will be discussed in later articles.



# Just one week left...

THE DEADLINE for entering the FT Readers' Race, run in conjunction with the Great Investment Race, is fast approaching. Closing date for entries is January 31, so canny readers who have held back from entering to see how the market trends are developing should act now.

All the money contributed from the £10 entry fee goes to charity, and you have the chance to win £5,000 of Holborn unit trusts donated by Prudential/Holborn, sponsors of the race. In addition, three quarterly prizes are to be given by the FT, which is celebrating its centenary year.

To enter the race, first choose five shares out of the FT-SE 100 companies, listed in the accompanying table, which you consider will provide the best return by December 9 this year. Like the teams in the Great Investment Race, you have £55,000 to spend (unfortunately, on paper only) to invest in tranches of £11,000 each in the five companies selected.

Remember that the winning portfolio will be the one providing the best overall return, including dividends - not just the biggest growth in capital value.

You must select five shares, unlike last year's race in which you were able to put all the money into one stock. The aim is to test your skill at putting together a portfolio and for you to do better than the teams of professional investment managers battling it out in the Great Investment Race.

Put the number of each share selected, as listed in the table, in the top five boxes on the entry form. In the four boxes below, enter your "guesstimates" of the likely level of the FT-SE 100 index on the dates shown. These estimates will be used as tie-breakers when deciding the winners of the annual and quarterly prizes.

## FT READERS ( GREAT INVESTMENT ) RACE

Portfolio of five shares chosen from FT-SE 100 under	Listed number of shares from FT-SE as shown in accompanying table			
	March 31, 1988	June 30, 1988	Sept. 30, 1988	Dec. 9, 1988
Entry number (Do not use)	Estimate of FT-SE 100 index at .....			
Name	Address			

FT-SE 100 Companies with prices as quoted in the December 10, 1987 issue of The Financial Times

- Amstrad Consumer Elecs. (115)
- Allied-Lyons (328x)
- Argyll Group (178x)
- Aussie, British Foods (300)
- ASDA-MFI (159)
- BAA (90x)
- BAT Inds. (411)
- BCT (22x)
- BOC (378)
- BPB Inds. (237x)
- BT (27)
- Barclays Bank (445)
- Bass (788x)
- Beecham (429)
- Blue Arrow (88)
- Blue Cross Inds. (304)
- Boots (223)
- British & Commonwealth (282)
- British Aerospace (318)
- British Airways (138)
- British Gas (127)
- British Petroleum (250)
- British Telecom (206)
- Brintel (277 1/4)
- Bunzl (157)
- Burton (224)
- Cable & Wireless (315x)
- Cadbury Schweppes (237)
- Coalis Vyselka (246)
- Commercial Union (325)
- Consolidated Gold Fields (863)
- Cookson Group (451)
- Courtaulds (330x)
- Dee Corp. (160)
- Dixons (207)
- English China Clays (375)
- Flintco (243)
- General Accident (788)
- GEC (155)
- Glenox Holdings (107x)
- Globe Trust (126)
- Granada (282)
- Grand Metropolitan (403)
- Great Universal Stores (E10x)
- Guaranty Royal Exchange (773)
- Gurness (274)
- Hammerson properties (440)
- Hanson Trust (121x)
- Hawker Siddeley (410)
- Hillsdown (250)
- Imperial Chemical (E10 1/2)
- Jaguar (275)
- Ladbroke (314)
- Land Securities (440)
- Legal & General (249)
- Lloyds Bank (233)
- M&P (425x)
- Marles & Spencer (177)
- Maxwell Communications (205)
- Midland Bank (362)
- Nat. West Bank (539)
- Nest (293)
- P & O (478)
- Pearson (535)
- Pinkington Bros. (197)
- Plessey (137x)
- Prudential Corp. (788)
- Racal Elecs. (214 1/2)
- Rank Organisation (511)
- Rank Hovis (306)
- Reckitt & Colman (748)
- Redland (388x)
- Reed (369)
- Reuters (417)
- Rio Tinto Zinc (323)
- Rolls Royce (105)
- Rothmans (373x)
- Rowntree (400)
- Royal Bank Scotland (323)
- Royal Insurance (373)
- Sainsbury (222x)
- Sears (148 1/2)
- Sedgwick (189)
- Shell Transport (985)
- Smith & Nephew (135)
- Standard Chartered Bank (463)
- Standard Tel. & Cables (210)
- Storehouse (240)
- Sun Alliance (770)
- TSB (107)
- Tarmac (206)
- Tesco (151)
- Thom EMI (552)
- Tratagar House (298x)
- Trusthouse Forte (199)
- Unilever (400)
- United Biscuits Hlids (255)
- Wellcome (377)
- Whitbread & Co (9274)
- Woolworth Hlids (261)



You can send as many entries as you like, providing each is accompanied by a £10 payment, either cheque or postal order, payable to Charity Projects. Because Charity Projects has all its overhead costs paid by different sponsors, your entire £10 goes directly to charities helping young people who are disabled, homeless, or suffering from drug or alcohol abuse problems.

FT readers have already shown great generosity in sending contributions to the Centrepoint charity, featured in the December 19 issue of the Weekend FT under the title Children Of The Streets. The Readers' Race provides a further opportunity to help charities in need, while at the same time testing your investment skills and giving you a chance to win £5,000 of unit trusts or one of the quarterly prizes.

John Edwards

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\*Calculated as at 18th January 1988

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ADDRESS .....

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The trust will invest mainly in the U.K. widely acknowledged to be one of the worlds strongest growth economies. Whilst UK markets may remain volatile GENERAL INFORMATION instructions to deal can normally be given on working days. Contact notes will be issued on receipt of instructions. Unit certificates are normally issued within 9 weeks of payment. Units may be sold back to the Managers at the bid price ruling on receipt of instructions and payment is normally made within 7 working days of receipt of resourced certificates. Initial estimated gross annual yield 6.25%. Prices of units and yields are quoted daily in the Financial Times. Daily Dividend and The Times. An initial charge of 5% is included in the offer price and an annual charge at the rate of 1% (plus VAT) of the value of the fund is deducted from the Trust's gross income before calculating the yield.

The Trust Deed permits maximum charges of 2% initially and 2% annually Commission is payable to qualifying agents, rates available on request. Distributions or redemption (accumulation units) of net income are made quarterly on 31st October, 31st January, 30th April and 31st July, with a statement showing the amount and a tax credit voucher showing tax deducted. The first distribution will be made on 31st July 1988.

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I/We enclose a cheque for £ (minimum £500 payable to Kleinwort Barrington Limited, for investment in Units in the Kleinwort Barrington Extra Income Trust at the fixed offer price of 50p. This offer will close at 6.00 p.m. on 12 February 1988. After the close of this offer units will be available at the offer price ruling.

Tick box for Accumulation Units

I am/we are over 18 years of age

Surname .....

Mrs/Ms/Miss/Title .....

Forenames .....

Address .....

Postcode .....

Signature .....

Date .....

My Professional Adviser is .....

Joint applicants should all sign above and enclose registration details separately. This offer is not available in Eire or U.S.A. nor to U.S. citizens.

FT23P



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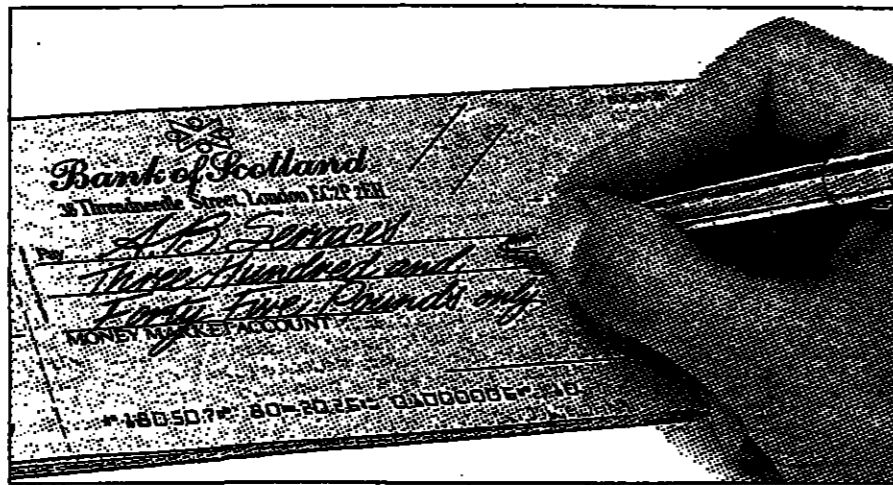
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5.75%	=	5.91%	=	8.10%
<small>New Rate</small>		<small>Net Compounded Annual Rate taking account of monthly interest remaining invested.</small>		<small>Gross Compounded Annual Rate to Bank Rate taxpayers.</small>

Customers entitled to Gross Interest (Not ordinarily available to individuals who are UK residents).

7.65%	=	7.92%
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### Weekend Business

#### FULLY WORKED OUT CONVENIENCE STORE PROJECT

Involving one of the major US companies, and a major UK property owner. The project involves a test market programme to evaluate the potential of three separate distribution channels, two of them being largely new to typical Convenience Store systems. This project would particularly suit a food group, an organisation experienced in franchising, or a company experienced in FMCG branch networks. Please contact Sara Hawkins of the MCL Group Ltd, 77 Mount Ephraim, Tunbridge Wells, TN4 8BS Tel. 0892 515533

#### BORROW ON SECURITIES OR UNIT TRUSTS

Borrow up to 70% of current market value of U.K. or U.S. stock exchange securities or unit trusts. Minimum £50,000. Will also lend up to three times cash advanced by you for purpose of purchasing quoted securities. Send us a description of your portfolio for a specific offer with no obligations.

#### DIRECT LENDER

Wanted for our clients, 100 million + against collateral of prime world bank notes, needed, 100% commission, payable interest 7% 10/20 years pay back. Contact: Hamilton Capital Corporation, 14 King Street, London EC2V 8PP Tel: 01-600 1485 Te: 9413732 ICFIN G Fax: 01-600 8909

#### INVESTOR WANTED

With £50,000 available for 30% equity Marine Salvage Company now being formed. Company already owns salvage vessel and has an interesting programme of emergency recovery projects for the coming year. Contact: John Bailey, Bailey & Boynton Marine, The Office, Albert Dock, Hull Tel: 0964 532409 Evesing

#### PRIVATE INVESTOR

Wishes to acquire an equity stake in a company with real growth potential. Ample funds and, if required, financial expertise available. Start-up ventures also considered. Reply to Box 17786, Financial Times, 10 Cannon Street, London, EC4P 4BY

#### PERSONAL

BERNARD CANNONER, Knaresborough, West Yorkshire. Tel: 01937 620015

#### CLUBS

EVERY one of the clubs because of a policy on bar play and value for money. Superb food, 100% commission, exciting atmosphere, 100% profit. Tel: 01-771-724 0067.

#### COMPANY NOTICES

STANWICK INTERNATIONAL CORPORATION S.A. Registered Office: Luxembourg, 14 Rue Aldringen Commercial Register Section B No 13 142 NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

#### Businesses For Sale

##### QUICK SALE Shell Public Company (OTC)

- \* Tax Loss
- \* L.C.D. Screen Technology and Patents
- \* Substantial Institutional Investors

Write Box H2995, Financial Times, 10 Cannon Street, London EC4P 4BY

##### FOR SALE SUPERB SELF-CATERING HOLIDAY COMPLEX

at Gushon, Northumberland, comprising eight purpose built holiday cottages with views, garden, bar, swimming pool, to be sold by private treaty as a going concern. Full details and brochure from J.A. Services PWS, 62 The Grove, Deodar, Herefordshire SP22 4JW

##### Busy West Sussex Town

Luxurious period style furniture business - retail - occupying spacious Georgian galleries - city centre. Accounts available for inspection - long lease - for sale with fixtures. Fringe. Goodwill etc. £130,000 S.A.V. Full particulars apply to Box 12375, Financial Times, 10 Cannon Street, London EC4P 4BY

##### Established Systems Engineering Company

Operating in Petchem/Industrial markets, primarily export orientated with network of agents. Good order book. Own products, projected TO for 1988 £1.2m. Office. Write Box H2994, Financial Times, 10 Cannon Street, London EC4P 4BY

##### WINE COMPANY

For sale based in Essex. Established five years - TO £15,000. Excellent contacts. Good Wine Guide entry, nationwide mail-order trade, as present run by part-time partners. Excellent potential for active full-time. OMO £20,000 + SAV. Box H2992, Financial Times, 10 Cannon Street, London, EC4P 4BY

##### MODERN KITCHEN FACTORY

In South for sale secure lease. Good order book. Director Franchise. Tel: (0482) 62155

### WEEKEND FT REPORT

## BUSINESS BOOKS

The Financial Times proposes to publish this Report on Saturday 27 February 1988. For details of available advertisement positions, please contact Sue Mathieson on 01-489 0033 or write to her at: Bracken House, 10 Cannon Street, London EC4P 4BY

### Personal

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Wishes to acquire an equity stake in a company with real growth potential. Ample funds and, if required, financial expertise available. Start-up ventures also considered. Reply to Box 17786, Financial Times, 10 Cannon Street, London, EC4P 4BY

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An annual general meeting of shareholders of Stanwick International Corporation S.A. will be held at the registered office, 14 Rue Aldringen, Luxembourg on the 15th February 1988 at 10.30 a.m. for the purpose of considering and voting on the following matters:

1. To hear and accept the management report of the Board of Directors.
2. To approve the annual accounts of the Company for the year ended 31st December 1987.
3. To discharge and grant full authority to the directors and the auditor with respect to their performance of duties during the year ended 31st December 1987.
4. To re-elect Messrs A.J. Gumbiner, B.M. Troop, M.P. Holliger and H.C.S. Wainwright as directors of the Company at the next annual general meeting of shareholders and to provide for the election of a fifth director.
5. To re-elect Messrs Luxembourg as auditors of the Company at the next annual general meeting of shareholders.
6. Appropriation of profits.
7. Any other business.

The shareholders are advised that no quorum for the ordinary meeting is required and that decisions will be taken by the majority of shares present or represented.

In order to take part at the meeting the holder of bearer shares are required to deposit their shares three business days before the meeting at the registered office of the Company, 14 Rue Aldringen, Luxembourg or with the following bank:

Interbank Bank Zurich A.G. Interbankstrasse 1, 8002 Zurich Switzerland

BY ORDER OF THE BOARD OF DIRECTORS

### Christine Stopp continues her series on unit trust mergers

## A marriage of convenience

OCTOBER'S stock market collapse stopped the rapid expansion of the unit trust industry in its tracks and seems almost certain to encourage mergers between groups unable to survive in the harsh competitive conditions. However, the marriage between the Gartmore and Oppenheimer groups took place before the crash, following the takeover last summer of Mercantile House by British & Commonwealth.

Gartmore now has returned to a level of funds under management which is slightly higher than its total before the crash. Before the link-up it was managing £500m-plus of unit-holders' money, and Oppenheimer more than £250m. Peter Pearson Lund, managing director of Gartmore's fund management operation, points out the complementary nature of the two unit trust groups. Gartmore itself dates back to the 1970s and at the start of 1987 already had 18 trusts covering a wide range of general and specialist funds.

The group has been innovative in launching new funds over the past few years. It runs the only UK hedge fund which is hedged fully as a matter of policy, and has a trust run jointly with the Cheltenham and Gloucester Building Society as well as one of the hands of emerging markets funds. Its offshore funds include Capital Strategy, the first umbrella fund. Its reputation for investment performance is solid rather than exciting. In contrast to Oppenheimer, Gartmore's business is not limited to unit trusts but includes £1.5bn in pension funds as well as investment trusts and private client business.

Oppenheimer in the UK was an offshoot of a US mutual fund business, and had been managing UK unit trusts for only four years. During that time it built a strong performance record and an aggressive marketing image. Typical of its approach was the decision to pay brokers' commissions above the accepted industry rate. Instead of merging the 10 Oppenheimer trusts with those of the existing Gartmore stable, Pearson Lund decided to use the new funds to enlarge the range of trusts - the former Oppenheimer Practical, a trust of investment trusts, and Gartmore High Income.

The overall picture is good, with mostly high performance ranking. The Oppenheimer trusts did better in America, Japan and, over longer terms, the UK. Gartmore was better in the international sector and has a very strong performer in its High Income trust.

What does Pearson Lund see as the benefits of the merger? Apart from creating a bigger, broader-based unit trust group with a greater range of management expertise, the acquisition of Oppenheimer opens up an interesting opportunity to "pre-empt" the soon-to-be-permitted money market trusts by offering the Simco money fund in conjunction with unit holdings.

Simco is a licensed deposit-taker which has been running a high-interest, seven-day account in Britain for some years. Next week, the fund will be re-launched (although at the start it will be available only through advisors) to provide a cash haven for Gartmore unit-holders. The minimum switch will be £2,500, and there will be a 1 per cent discount to investors when they put their money back into units.

Pearson Lund does not expect the stock market crash to make a great deal of difference to his strategy other than causing a general drawing-in of horns. He says: "1987 was a windfall year. In 1988, one is going to take a prudent line on one's housekeeping in terms of marketing and advertising expenses. We'll be spending more on customer care, literature, seeing clients and so on." The aim of nurturing the unit-holder is an admirable one, and the newly-acquired Oppenheimer investors have the reassurance of knowing that their funds will still be run by the same managers. The only question is whether the performance record can be maintained in the atmosphere of a much larger group.

THE Chancellor's promised 50.3 per cent earned more than £45,000 a year. The impact of tax cuts on BES investment obviously depends on the extent and nature of the cuts which the Chancellor has in mind. Not surprisingly, those already involved with the BES are anxious to minimise their importance.

"If the overall rate were cut to 10 per cent, it would have a major impact," comments Mr Charles Fry of Johnson Fry. "If, however, the 50 per cent rate were reduced to 50 per cent, it would have very little effect. People do not like paying 60 per cent tax at any time. Anything less than 50 per cent would be pretty marginally."

Mr Stephen Rowe, of BES Research, is also optimistic. "Tax cuts mean investors have more money," he points out, adding: "the current uncertainties in the stock market are actually quite good for the BES, because BES companies do not have wild fluctuations in share price." Both he and Mr Fry stress that it is the quality of investment which matters and that no-one should invest purely for tax reasons.

Sound advice, indeed. Much of the political uproar about the proposed tax cuts has arisen from those who believe the government should spend the money on the National Health Service instead. With great timing, albeit coincidentally, Johnson Fry picked this week to announce details of Northern Independent Hospitals. As the name suggests, the company intends to develop, own and operate private hospitals primarily in the north of England. The idea is that the south east is now adequately served by independent hospitals, but that there is a pressing need for small to medium sized (20 to 40 beds) in the Midlands and north. Over the last six years, there has been a substantial increase in the numbers of

### Gartmore's enlarged list: performance

(Figures show results of £100 invested offer-to-bid for various periods to 11.1.88. Sector rankings in brackets. Former Oppenheimer trusts are asterisked)

	Perf. since 1.7.87	1.1.87	1.1.86
American	68.3 (25)	73.1 (23)	80.7 (28)
American Selected Opps*	68.9 (19)	73.0 (23)	100.8 (23)
British	70.2 (16)	100.8 (11)	180.7 (12)
Global	67.8 (21)	77.5 (21)	138.1 (18)
High Income	81.5 (5)	118.7 (2)	197.1 (3)
Int. Sel. Opps*	60.8 (30)	67.1 (27)	124.0 (20)
Japan	80.5 (8)	81.1 (20)	150.1 (15)
Japan Sel. Opps*	87.2 (3)	105.5 (7)	170.1 (8)
Practical*	74.3 (9)	95.9 (14)	153.8 (14)
UK Sel. Opps*	63.2 (27)	102.2 (9)	190.8 (4)
Sector averages:			
UK Growth	74.8	106.6	181.9
International Growth	68.0	84.6	125.1

Source: OPAI

portfolio into those areas. The table shows a selection of Gartmore funds, the old Oppenheimer trusts being indicated by an asterisk. The choice of trusts makes it possible to compare the records of the two groups over the UK, American, Japan and international sectors, as well as showing two very large trusts - the former Oppenheimer Practical, a trust of investment trusts, and Gartmore High Income.

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### Heather Farnbrough on tax cut worries

## Lawson's largesse could hit BES

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### Seven choices

CAPITAL House, the investment arm of the Royal Bank of Scotland, this week launched its first off-shore equity fund - the Capital House International Growth Funds. This Jersey-based fund offers seven separate categories of investment to go alongside and complement the established Bond, Currency and Money Market Funds already total £20m.

Six of the new funds will cover the UK, North America, Japanese, Pacific Basin, Continental Europe and Gold-related equity markets. The seventh fund is the International Portfolio Fund offering a balanced portfolio with a selection of equities, bonds and currencies. Switching between funds or into cash can be made normally without charge. The fund operates on a "roll-up" basis and no distributions of income are made - a standard feature of umbrella funds.

Charges are an initial 5 per cent, with a 1 per cent annual management fee. The minimum investment is £1,000. However, investors with a minimum investment of £10,000 have access to the Capital House Portfolio Management Services. Under this service, Capital House offer to manage an investor's assets on a day-to-day basis within the overall umbrella of the fund, switching assets and markets as conditions dictate.

Hugh Ward, investment director of Capital House International Investment Management, considers that recent events in offshore fund development, has resulted in many expatriates having the wrong type of investment pattern to meet their objectives.

Eric Short

### Charges rise

BANK CHARGES, if you are overdrawn, are gradually creeping up. This week TSB England & Wales announced it is to put up its charges from April 16. The charge for debit items - cheques, cash machine transactions and direct debits - will increase from 27p to 29p and the quarterly management fee from £2.75 to £3.

These charges are made for the whole quarter, in which you become overdrawn, unless you manage to maintain an average credit balance of £500 (previously £400) during the quarterly charging period. TSB estimate only 23 per cent of their customers in England & Wales pay charges, compared with an average of 28 per cent for other banks.

This is the first rise in TSB charges for two years, but during the past year all High Street banks, with the exception of

Barclays and, ironically TSB Scotland, have put up their charges too. Lloyds remains the cheapest, in spite of having increased its charges for all transactions when you are overdrawn, from 20 to 25p. It also imposes charges for only a month, unlike the other banks which have quarterly charging periods. However, it also charges for credit transactions too, if you are overdrawn, whereas most of the other banks only charge for debits.

Next cheapest is Nat West at 28p, and Barclays, 29p, although both have quarterly charging periods. Most expensive is National Girobank, which charges 85p on debit transactions on a daily basis if you become overdrawn.

John Edwards

### WIN WITH MONEY OBSERVER

The 25 shares named exclusively for MONEY OBSERVER by our panel of experts last year, produced average best gains of 74%, comfortably ahead of the stock market.

To ensure you benefit from our expertise this year, read January's MONEY OBSERVER, Britain's best selling and most authoritative investment monthly magazine. AVAILABLE NOW AT LEADING NEWSAGENTS, PRICE £1.95.

An even better investment is an annual subscription (£19.50 or £29.50 overseas) which entitles you to a series of exclusive perks: JANUARY: FREE entry, worth £2 to the Observer's £25,000 Investor of the Year competition. FEBRUARY: FREE Investing in National Savings normally available only to professional investors. MARCH: FREE Off-own new listing of unlisted premium bond prices. And to start you off we'll send you two FREE gifts usually worth £4.15

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FINANCE & THE FAMILY

Donald Elkin discusses an unpleasant tax dilemma facing British workers

The Saudi squeeze

THE LIVELIHOOD of those Britons who spend their working lives abroad is constantly at the mercy of sudden changes of circumstances beyond their control. Political developments can swiftly close whole areas of employment - as in the case of Iran - while financial stringencies may produce results which differ only in being less dramatic, for example in Nigeria.

The latest group to be reminded of this unpleasant truth is the estimated 25,000 Britons working in Saudi Arabia, most of whom were already feeling the pinch. Salaries, which had been reduced due to falling oil revenues, were eroded further as a result of the Saudi riyal being linked to the fast-falling US dollar.



building society interest would be taxable back to the April 6 prior to arrival. However, Saudi salary, terminal leave pay or gratuity, compensation payments and late-paid bonuses relating to your period overseas are unlikely to be taxed although worldwide investment income and capital gains certainly would be.

NR/NOR for 36 months, this charge also would be retrospective to the April 6 prior to your arrival in Britain. Nevertheless, timely action to transfer balances out of the UK, to close overseas accounts before resuming UK residence, and to "bed and breakfast" capital gains could eliminate most or all of these charges.

due if your employment is terminated and you return to Britain before the 365 days have expired. Your salary would then be taxable as if you had never left the country. But this unhappy result can also occur even if your service is for more than 365 days.

Drink and save tax

THE LOSSES resulting from the recent plunge in share prices could have driven many small investors to drink. Some may even have gone so far as to consider buying fine wines - or other tangible assets - as part of an alternative investment strategy.

profit. By taking these disposals out of the tax charge altogether, the Revenue relieves itself from having to deal with a myriad of loss claims. This would not only be expensive administratively but could also add up to a considerable sum in lost tax.

ments on the US budget deficit than certain other investments. So, this is a potentially profitable investment on which any actual gains will be tax-free.

per cent will be £1,200. However, the small assets relief will have the effect of limiting the tax to amount to £/3 (£5,000 - 3,000). This works out at £3,388, on which the tax payable will be only £1,000. Hence, the effective tax rate is reduced to 25 per cent.

Sell your house in days

A RADICAL scheme, aimed at reducing the time taken to buy or sell a house from months to a matter of days, has been launched this week by CIBC Mortgages, a subsidiary of Canadian Imperial Bank of Commerce.



Roland Williams, the managing director of CIBC Mortgages, estimates that by using a standard package and avoiding duplication, the legal costs for both buyer and seller can be cut to around £650 compared with the usual £1,000 or more.

costs. The purchaser can then use one of the panel of CIBC solicitors at a cost of £225, making a total outlay for legal fees of £360.

Barings goes for caution

BARINGS, the international financial services group, is adopting a cautious approach in the launch this week of a unit trust management service, aimed primarily at brokers and intermediaries.

in Barings' own range of unit trusts; the other puts 30 per cent into the group's in-house fund and spreads the remaining 70 per cent among trusts of other groups.

chargeable on the balance are reduced by 50 per cent. Meanwhile, Mercury Fund Managers, the unit trust arm of Mercury Asset Management, has expanded and improved its Planned Income portfolio service.

10% of every investor should be a little adventurous.

Every portfolio should, we believe, include about 10% which is given over to investments offering higher risk and higher potential returns. The new Crown Investment Trust Fund fulfills that role ideally.

We already have extensive experience in managing portfolios of investment trusts. For example our Crown Life and Pensions Funds have been top performers in their sectors since launch.



10% of every investor should be a little adventurous.

markets recover and discounts narrow. The average discount currently stands at 20%, so for every £100 invested the trust could get £120 of assets.

For a potentially higher return on the adventurous 10% of your portfolio, return your application form and cheque now (minimum £500).

FURTHER INFORMATION The minimum investment is £500 (£250 subsequently). Accumulation units only will be issued. Any income is accumulated, net of basic rate tax, until the Trust is used to increase the value of units.

APPLICATION FORM To: Crown Unit Trust Services Ltd., FREEPOST (no stamp needed), Woking, Surrey, GU21 1BR. Telephone: (04862) 5033 or 0800 525151. BLOCK LETTERS PLEASE. I/We wish to invest £ (minimum £500) in Crown Investment Trust Fund at the fixed offer price of 25p per unit available from 23.1.88 to 12.2.88.



FINANCE & THE FAMILY

# Our roads are breaking up

The housing association we work for represents more than 100 house owners and represents about 95 per cent of the householders living in these private roads, but we are responsible for their upkeep - not the council.

The condition of two of these roads is appalling and we have applied to the local council to cul-de-sac all three and to enforce an alternative route over an access road built specially more than 10 years ago to take traffic to a water company's site. This water company, we are told, says it has a right of way over one of these roads. Every time we have asked the council to have this access road incorporated in a one-way scheme to relieve the traffic on our private roads, the matter has been shelved.

Now, the council is planning to extend leisure activities in the area which inevitably will increase the traffic and break up the roads that are dangerous already. One section of a road has been seen to move with the weight of the council's refuse collection vehicle.

In view of these roads being private

(not adopted by the council), who is responsible in law should someone trip and break a limb and seek compensation?

Can we, as an association, insist that the council cul-de-sac these private roads to prevent an increase in damage to the surfaces, making them more hazardous for everyone?

Have we, as owners, any power to prevent or reduce traffic on these roads that were laid down about 50 years ago?

We would add that these roads are sub-standard in width (about 15' 4"). One has a tarmac surface and the other two concrete.

There are no council street lights, pavements or kerbing, just grass verges from householders' front garden walls to the road.

The situation which you describe raises several issues which your association would be well advised to pursue with the advice of a solicitor: the cost, divided among your 100 members, should not be too burdensome. In the meantime, we would offer the following points:

1. Liability to compensate a pedestrian for injury would not necessarily arise; but where it does, it would attach to the owner of the site of the road in question.

2. You cannot require the local authority to take any steps to block off roads, but your members can do so themselves provided there is no obstruction of any individual's private right other than such as may be consented to by all those entitled to use the roads; and provided there is no infringement of the terms of any express grant of rights of way.

3. You would have power to control the density of traffic only if you, or one of your members, own the site of the roads. If that is not the case, you might achieve your object by effecting a control *de facto*, limiting free access to your members, and relying on the inability of others to show that they have a right of way as a dominant owner.

4. You might wish to consider arranging jointly for the roads to be made up to full local authority standard and entering into an agreement with the council for the adoption of the roads, but this would involve some outlay on road works and initial maintenance.



No legal responsibility can be accepted by the Financial Times for the accuracy given in these columns. All inquiries will be answered by post as soon as possible.

## Shop theft is not shoplifting

My wife runs a gallery and we live over the shop. The building, including the shop, is insured as a business and the contents covered by the same company.

Recently, we had a theft in the shop by thieves who avoided the pressure pad bell and took 5000 worth of carpets without detection. The insurance broker informs us that our insurance cover does not include "shoplifting". As my wife was not in the shop when the theft took place, does the theft constitute a "shoplift" or is it common practice for similar insurance to exclude this type of loss which must constitute a high risk?

While it is not unusual for there to be a clause covering exclusion of loss caused by shoplifting in a commercial insurance, we read this as applying to losses caused by customers, or members of the public taking items and not paying for them while the shop (or gallery) is open for business. Your letter suggests that the loss occurred out of business hours, while the alarm was switched on: in which case the exclusion of shoplifting would not apply.

## CHESS

THROUGHOUT the long and distinguished record of the annual Hastings Premier, only three British players have succeeded in winning outright - Yates in 1921, Parr in 1940 and Alexander in 1947. All these were contested by Hastings and a Swedish player and a Soviet woman, an Israeli, a Hungarian and a Swede.

The 1987-88 Hastings, sponsored again by the Foreign & Colonial Management Group, at last provided an historic home success when Nigel Short, the reigning British champion, won first prize half a point ahead of Jon Speelman. Short and Speelman both are ranked in the international top 10 and travel to St John, Canada, this weekend, for the world title candidates matches.

Final Hastings scores were Short 9/14, Speelman 8 1/2, Larsen (Denmark) 8, Paschis (USSR) and Chandler 7, Benjamin (US) and Nunn 6 1/2, Davies 3 1/2.

White's move at move 23 where, according to Short, White should have played 23 Nc3! BxN; 24 Nxf3 ch, R2N; 25 BxR. Then, White has rook and two pawns for the two minor pieces, normally about an even exchange; but Black has a hard time to defend the threats like P-d4 or B-N5.

As played, Black's pawn centre, established by 22...P-KB4 in the first half and only 7/23 decisive results in the first eight rounds. Then, attacks began to succeed and the wins in the final six rounds jumped to 14/24.

The challengers' group, which qualified its winner for the 1988-89 Premier, looked a damp squib when the Russians withdrew at the last minute, but Susan Arkell's performance there stole the show. Arkell, 22, shared third prize behind the

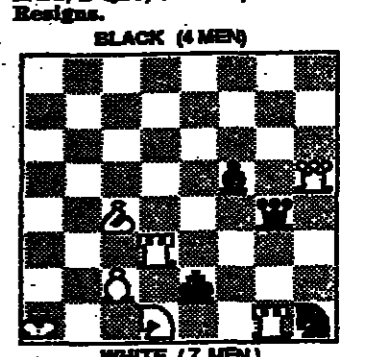
winners, Kosten, and became the first British woman to qualify for an international master score at men's level - a feat that has until now been achieved only by two Soviet women, an Israeli, a Hungarian and a Swede.

Arkell had already won three 1987 opens ahead of men and it looks possible that she will single-handedly raise the status of British women's chess as Short and the olympic team have done for the men's game.

Grandmaster chess can turn on a single move, the notable recent example being the final K v K encounter where a mutually missed, tactical nettle the world title. In this week's game, Short chose a slightly inferior defence to the standard Ruy Lopez B-N5.

The difficulty with his N-Q2 and B-KB8 formation is that it over-protects the centre but concedes a queen's side initiative. White has here, the end result is that Black has a weak isolated QNP on which Chandler proceeded to direct his pieces.

The crisis came at move 23 where, according to Short, White should have played 23 Nc3! BxN; 24 Nxf3 ch, R2N; 25 BxR. Then, White has rook and two pawns for the two minor pieces, normally about an even exchange; but Black has a hard time to defend the threats like P-d4 or B-N5.



**BLACK (4 MEN)**  
F1: P-K4, P-K4; 2 B-N5, P-Q3; 3 P-B3, P-O3; 4 P-K3, N-Q2; 5 P-Q4, B-B3; 6 P-Q4, B-N3; 7 P-K4, P-K4; 8 P-K4, P-K4; 9 P-K4, P-K4; 10 P-Q4, B-N3; 11 P-Q4, B-N3; 12 P-K4, P-K4; 13 P-K4, P-K4; 14 P-K4, P-K4; 15 P-K4, P-K4; 16 P-K4, P-K4; 17 P-Q4, B-N3; 18 P-K4, P-K4; 19 P-K4, P-K4; 20 P-K4, P-K4; 21 P-K4, P-K4; 22 P-K4, P-K4; 23 P-Q4, B-N3; 24 P-K4, P-K4; 25 P-K4, P-K4; 26 P-K4, P-K4; 27 P-Q4, B-N3; 28 P-K4, P-K4; 29 P-K4, P-K4; 30 P-K4, P-K4; 31 P-K4, P-K4; 32 P-K4, P-K4; 33 P-K4, P-K4; 34 P-K4, P-K4; 35 P-K4, P-K4; 36 P-K4, P-K4; 37 P-Q4, B-N3; 38 P-K4, P-K4; 39 P-K4, P-K4; 40 P-K4, P-K4.

**WHITE (7 MEN)**  
F1: P-K4, P-K4; 2 P-K4, P-K4; 3 P-K4, P-K4; 4 P-K4, P-K4; 5 P-K4, P-K4; 6 P-K4, P-K4; 7 P-K4, P-K4; 8 P-K4, P-K4; 9 P-K4, P-K4; 10 P-K4, P-K4; 11 P-K4, P-K4; 12 P-K4, P-K4; 13 P-K4, P-K4; 14 P-K4, P-K4; 15 P-K4, P-K4; 16 P-K4, P-K4; 17 P-K4, P-K4; 18 P-K4, P-K4; 19 P-K4, P-K4; 20 P-K4, P-K4; 21 P-K4, P-K4; 22 P-K4, P-K4; 23 P-K4, P-K4; 24 P-K4, P-K4; 25 P-K4, P-K4; 26 P-K4, P-K4; 27 P-K4, P-K4; 28 P-K4, P-K4; 29 P-K4, P-K4; 30 P-K4, P-K4; 31 P-K4, P-K4; 32 P-K4, P-K4; 33 P-K4, P-K4; 34 P-K4, P-K4; 35 P-K4, P-K4; 36 P-K4, P-K4; 37 P-K4, P-K4; 38 P-K4, P-K4; 39 P-K4, P-K4; 40 P-K4, P-K4.

## Unit trust complaint

Is there an authority to which I can complain about the way the managers of one of the unit trusts in which I have invested have acted regarding paying out on their units, which I have tried to cash in during the present market fall.

I wrote to two different unit trusts for repayment. One company received my letter on October 19 and duly paid out on that date. The other company must have

received my letter approximately the same date and I am still waiting. While appreciating that the market is in a chaotic state at present, how is it one unit trust management carries out their promise of prompt repayment on request, but the other fails to do so? The sums concerned are below £1,000.

There is no authority of the kind which you envisage for unit trusts or their managers. If the unit trust in question happens to effect sales through a company which is a member of FIMBRA you could ask that body to adjudicate, but in the case which you mention this seems not to arise.

## Right price for BP

In 1981 I acquired some BP shares, either by a script or a rights issue. I sold my main holding but not the issue, and I now have no paper work relating to the issue except the share certificate dated July 21, 1981. Can you tell me if this was a script or a rights issue; and at what price I should declare them if I decide to sell them post-privatisation?

There was a one-for-seven rights issue at £2.75, payable

either in full by July 13, 1981 (in order to qualify for the November 1981 interim dividend), or in two instalments: £1.25 by July 13 and £1.50 by December 2, 1981. There was also an opportunity to buy the government's renounced rights at 15p premium; they were offered to shareholders in the ratio of one for 0.69.

It is not possible to calculate the CGT base cost of a rights issue without knowing the cost and history of the original shareholding from which the rights were derived. Ask your tax inspector to return to you a copy of the OGT calculation which you sent him in respect of the sale of the original holding.

# The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

as at close of business on Monday 18th January 1988												as at 31st December 1987												as at close of business on Monday 18th January 1988												as at 31st December 1987											
Total Net Assets (£ million)	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (pence) (4)	Yield (%) (5)	Net Asset Value (pence) (6)	UK (%) (7)	Nth. Amer. (%) (8)	Japan (%) (9)	Other (%) (10)	Gearing Factor (11)	Total Return over 5 years on N.A.V. base=100 (12)	Total Net Assets (£ million)	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (pence) (4)	Yield (%) (5)	Net Asset Value (pence) (6)	UK (%) (7)	Nth. Amer. (%) (8)	Japan (%) (9)	Other (%) (10)	Gearing Factor (11)	Total Return over 5 years on N.A.V. base=100 (12)	Total Net Assets (£ million)	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (pence) (4)	Yield (%) (5)	Net Asset Value (pence) (6)	UK (%) (7)	Nth. Amer. (%) (8)	Japan (%) (9)	Other (%) (10)	Gearing Factor (11)	Total Return over 5 years on N.A.V. base=100 (12)												
506	CAPITAL & INCOME GROWTH	Alliance Trust	763	4.6	985	53	24	9	4	89	202	82	Technology	Baillie Gifford Tech. (w)	Baillie Gifford	76	0.4	96	50	37	11	2	89	119	Technology	Baillie Gifford Tech. (w)	Baillie Gifford	76	0.4	96	50	37	11	2	89												
149		Bankers	65	3.6	89	56	24	4	14	108	247	11	Fluor Technology	Robert Fleming	148	0.6	199	50	32	14	4	4	92	145	Fluor Technology	Robert Fleming	148	0.6	199	50	32	14	4	92													
274		Edinburgh Investment	468	5.2	591	64	11	17	83	214	332	232	TR Technology	Touchet, Remnant	60	2.3	72	44	43	5	5	301	156																								
104		Brunner	100	3.8	131	79	13	2	6	120	220	418	British Assets	Ivory & Sims	64	5.1	81	70	27	3	3	104	234																								
612		Edinburgh Investment (w)	145	3.9	189	69	13	10	8	94	214	81	General Consolidated A	Edinburgh Fund Managers	384	5.5	428	12	-	-	-	4	8	233	81	General Consolidated A	Edinburgh Fund Managers	384	5.5	428	12	-	-	-	4	8	233										
834		Foreign and Colonial	97	2.7	126	44	22	15	19	109	246	244	Investors Capital Trust	Ivory & Sims	317	5.9	378	95	1	-	-	-	8	97	244	Investors Capital Trust	Ivory & Sims	317	5.9	378	95	1	-	-	8	97											
1048		Globe	136	4.3	188	78	13	7	2	95	247	43	Lowland	Lowland	176	3.5	168	90	2	-	-	8	98	43	Lowland	Lowland	176	3.5	168	90	2	-	-	8	98												
427		Growth Strategic	210	2.6	273	87	5	2	-	92	272	200	Maricharts	Kleinwort Griesevan	157	5.4	168	87	11	-	-	2	107	200	Maricharts	Kleinwort Griesevan	157	5.4	168	87	11	-	-	2	107												
13		Joe Holdings	151	3.3	178	85	2	-	-	88	272	200	Murray International	Murray International	172	5.4	204	78	9	-	-	11	12	200	Murray International	Murray International	172	5.4	204	78	9	-	-	11	12												
57		Keystone	305	2.7	388	89	3	-	-	88	258	140	Rasburn	Lowland	317	5.9	378	95	1	-	-	-	8	98	140	Rasburn	Lowland	317	5.9	378	95	1	-	-	8	98											
134		Kleinwort Charter	108	3.6	143	80	13	4	3	104	237	200	Securities Trust of Scotland	Kleinwort Griesevan	108	3.6	143	80	13	4	3	104	237	200	Securities Trust of Scotland	Kleinwort Griesevan	108	3.6	143	80	13	4	3	104	237												
63		Lancashire & London (g)	98	5.5	106	97	3	-	-	100	200	200	Small Companies	Kleinwort Griesevan	98	5.5	106	97	3	-	-	-	100	200	200	Small Companies	Kleinwort Griesevan	98	5.5	106	97	3	-	-	100	200											
89		Mehrman	123	2.4	147	87	2	-	-	92	249	200	United Kingdom	Hambros Bank	285	3.5	80	100	-	-	-	-	-	89	265	United Kingdom	Hambros Bank	285	3.5	80	100	-	-	-	-	89											
27		Scottish & Mercantile (n)	110	6.2	111	86	2	-	-	101	277	15	Flaming Finance	Flaming Finance	110	6.2	111	86	2	-	-	-	-	101	277	Flaming Finance	Flaming Finance	110	6.2	111	86	2	-	-	-	101											
24		Scottish Cities (g)	610	6.1	686	99	1	-	-	101	277	200	City of Oxford	Flaming Finance	610	6.1	686	99	1	-	-	-	-	101	277	City of Oxford	Flaming Finance	610	6.1	686	99	1	-	-	-	101											
519		Scottish Mortgage	96	3.0	124	54	16	12	18	121	228	175	Flaming Finance	Flaming Finance	96	3.0	124	54	16	12	18	121	228	175	Flaming Finance	Flaming Finance	96	3.0	124	54	16	12	18	121	228												
170		Scottish Alliance	697	4.1	879	83	24	8	5	90	204	200	City of Oxford	Flaming Finance	697	4.1	879	83	24	8	5	90	204	200	City of Oxford	Flaming Finance	697	4.1	879	83	24	8	5	90	204												
635		TR Industrial & General	107	2.9	128	61	18	11	10	102	218	200	City of Oxford	Flaming Finance	107	2.9	128	61	18	11	10	102	218	200	City of Oxford	Flaming Finance	107	2.9	128	61	18	11	10	102	218												
548		Witan (w)	108	2.8	138	60	17	11	12	108	245	152	City of Oxford	Flaming Finance	108	2.8	138	60	17	11	12	108	245	152	City of Oxford	Flaming Finance	108	2.8	138	60	17	11	12	108	245												
17		United Kingdom	285	3.5	80	100	-	-	-	89	265	175	City of Oxford	Flaming Finance	285	3.5	80	100	-	-	-	-	-	89	265	175	City of Oxford	Flaming Finance	285	3.5	80	100	-	-	-	-	89										
53		Flaming Finance	285	3.5	80	100	-	-	-	89	265	175	City of Oxford	Flaming Finance	285	3.5	80	100	-	-	-	-	-	89	265	175	City of Oxford	Flaming Finance	285	3.5	80	100	-	-	-	-	89										
65		Shires (w)	218	9.3	230	92	3	-	-	92	208	152	City of Oxford	Flaming Finance	218	9.3	230	92	3	-	-	-	-	92	208	152	City of Oxford	Flaming Finance	218	9.3	230	92	3	-	-	-	92										
175		TR City of London	69	5.1	82	92	7	-	-	104	282	324	City of Oxford	Flaming Finance	69	5.1	82	92	7	-	-	-	-	104	282	324	City of Oxford	Flaming Finance	69	5.1	82	92	7	-	-	-	104										
152		Temple Bar	208	4.3	243	99	1	-	-	105	324	324	City of Oxford	Flaming Finance	208	4.3	243	99	1	-	-	-	-	105	324	324	City of Oxford	Flaming Finance	208	4.3	243	99	1	-	-	-	105										
324		CAPITAL GROWTH	374	2.9	502	45	21	21	13	106	225	200	Small Companies	Continental Assets (w)	Ivory & Sims	63	2.2	-	-	-	-	-	-	-	200	Small Companies	Continental Assets (w)	Ivory & Sims	63	2.2	-	-	-	-	-	-											
4																																															







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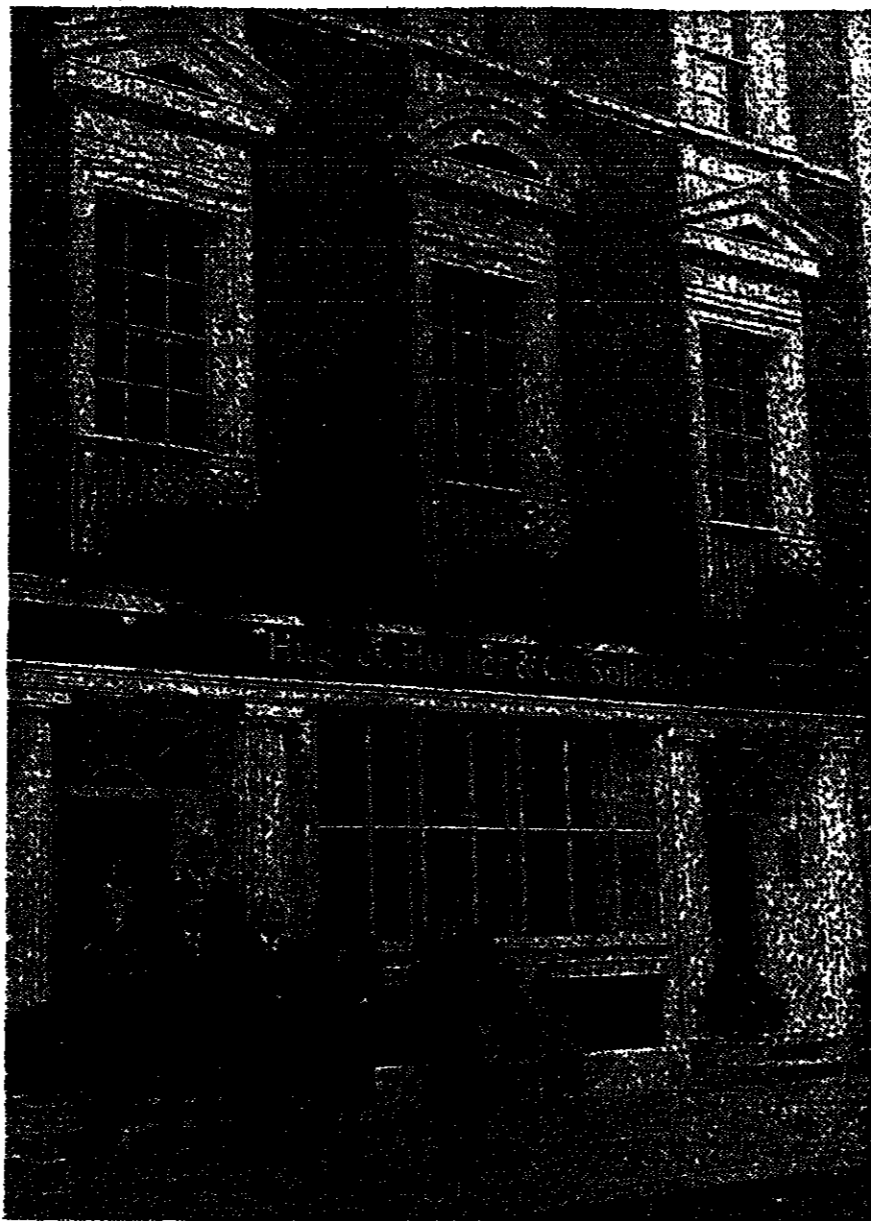
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DIVERSIONS

### William St Clair examines facsimile printing

# New books for old

THERE ARE some books which are so rare and so valuable that even millionaires can never aspire to own them. The few fragile copies that survive are treasured lovingly in libraries, and access is given only to those who can show a special need. Nowadays, these are mainly scientists concerned with technical questions relating to the ink or the paper. For those of us who enjoy books in their original state, modern technology now provides some answer. Facsimiles can catch the contemporary features of the first printing layout of the typography, even the quality of the paper.

There is a long history of facsimile reprints. It would be virtually impossible to appreciate the works of, say, William Blake without them. The Kilmarnock edition of the poems of Robert Burns has often been reproduced. But quality varied. The early facsimiles were necessarily set from movable type. They are books made to resemble the originals, not direct copies. However carefully the printers tried to reproduce the qualities of the original, there was always something missing.

In recent years, with the improvement in quality, we have seen a fusion of three differing traditions. The craftsmen who use laser technology to help capture the finest details of some masterpiece of the past are joined by modern representatives of William Morris who insist on hand-set type on hand-made paper, sewn and bound by hand. Both groups are celebrating the art of the book as an object of delight in its own right. At the same time, the reliability of facsimiles available to scholars and collectors who are interested mainly in the texts has greatly improved.

A selection of facsimiles with widely differing purposes can be seen at The Endell Street Place, Covent Garden, London WC2 (01-240 1088). They will send you a list of what is available. You can have a full-scale copy of the Gutenberg Bible, taken from the Mazarin copy in Paris, for £3,250. Even the binding is reproduced magnificently.

Nearer home, a facsimile of the Kelmscott Press edition of the poems of John Keats costs £104.50 in vellum or £13 in

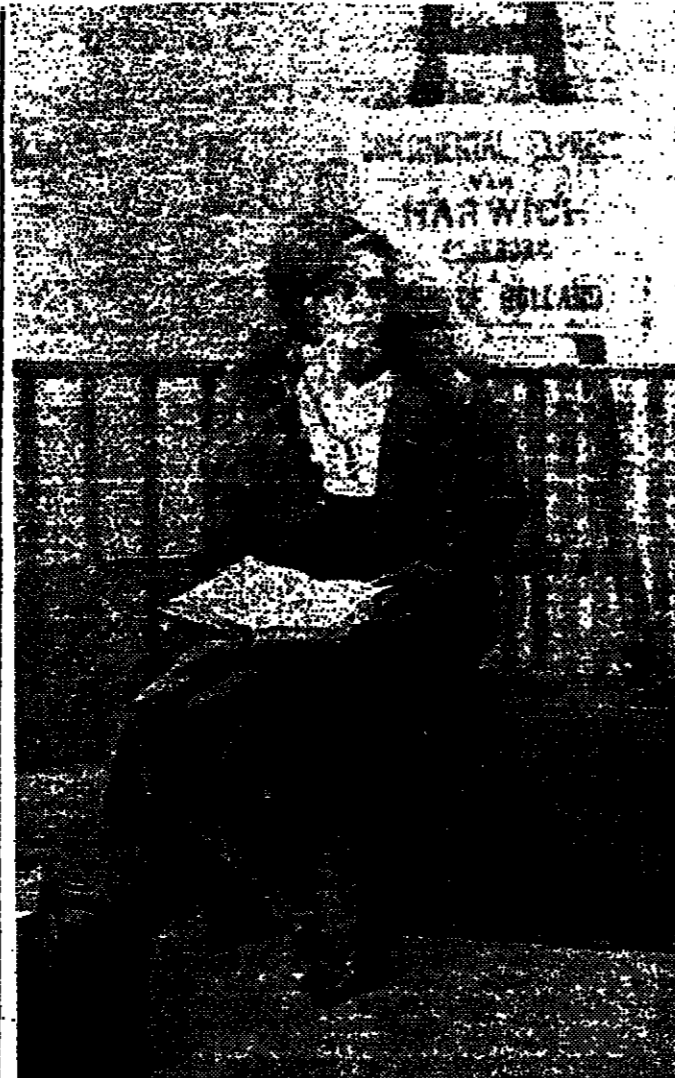
cloth. The Essex House Press broke the convention of printing poetry line by line. The result is strange at first sight but in some ways more poetic. A facsimile set consisting of The Deserted Village, the Elegy Written in a Country Churchyard, The Eve of St Agnes and Adonais, is also available in both an expensive and a cheaper version.

These were private press books always valued as much for the form as for the content. Also on sale are copies of well-loved or rare books of special significance, such as the Bay Psalm Book of 1640, the earliest surviving book printed in the English colonies of North America, and The Compleat Angler of 1663. A facsimile of A General History of the Sea and Shipping in All its Branches, 1743, was commissioned to help raise money for the Save the Children Fund.

For me, the greatest delight was to discover "Shakespeare Sonnets never before printed, 1809", one of the most mysterious and most precious books in our literature. Some at least of the sonnets were written well before that date and were circulating in manuscript, but the decision to publish such intensely personal poems was a bold, even dangerous, enterprise.

It is possible that the book was withdrawn or suppressed, and it is disturbing to recall how near it came to being lost altogether. Only 13 copies are known to survive, some without their title page. The book was not reprinted until 1640 when another publisher pretended he was printing the sonnets for the first time.

With the facsimile, the barriers that separate us from Shakespeare are reduced to the minimum. It is not difficult to get used to the original spelling. Indeed, we are thereby kept aware of the time at which the poems were written. Even the handful of errors increase the sense of immediacy. In 15 places the printer evidently misread "thy" for "thy" in the manuscript from which he was working, and no doubt other errors slipped through. For me, this simple facsimile edition contains more magic than any since 1608. When in disgrace with Fortune and men's eyes, it never fails to lift the spirits.



Anna Airy's "Waiting for the boat train"

THE FORMER convent of Carmelite or White Friars, between Fleet Street and the river, gave its name to a glassworks that occupied the site almost continuously from around 1700 to 1923 and to the Daily Mail building that replaced it.

From the outset, the successive proprietors of the "Flint Glass House at White-Fryars" were involved in the manufacture of mathematical and scientific instruments, as well as experimental domestic glass. Under the aegis of James Powell & Sons from 1834, it developed into one of the most famous manufacturers of art glass in Europe, producing exquisite tableware, light fittings, stained glass, and even Sir William Richmond's glass mosaics for St Paul's Cathedral.

When Whitefriars finally closed in 1980, by then in Wealdstone, it was the last commercial glass works in Greater London, making both fine glassware and components

for industry. In unravelling its long and fascinating history, the Museum of London reveals much about the nature of London's glass trade, and provides unexpected insights into life in the city.

As a "flint" glass house, Whitefriars produced the new colourless lead glass developed by George Ravenscroft after 1681. For the following 140 years English glass was unrivalled for its brilliance, durability, and softness to the engraver's wheel. Of the spectacular array of 18th century drinking glasses on display, from the museum's Garton collection, it is impossible to say which, if any, were made at Whitefriars. Until the early 18th century no glass was ever marked. But a number of pieces have been attributed to Whitefriars with

### Antony Thorncroft sees nudes and cottage gardens at the fair

# Disturbed by a savage Salome

THIS WEEKEND, the British can indulge to excess their reputed passion for watercolours. The third World of Drawings and Watercolours Fair continues until Sunday evening at the Park Lane Hotel in London and 60 exhibitors are offering thousands of examples, ranging in style from evocations of implausible late Victorian cottage gardens - inspired by the decorative brush of Helen Allingham - to no-nonsense drawings of nudes by Barbara Hepworth.

The fair has been an unexpected success and few reputable specialist dealers in the field can forego the opportunity to meet their public. An attempt has been made to weed out the vendors of chokingly banal Victorian watercolours with their impossible dreams of rural England, while some of the most illustrious names among dealers, like Agnew and Spink, have withdrawn on discovering there is little demand at this level for masterpieces by Turner.

The fair now concentrates on the middle range, with most worthwhile objects priced between £1,000 and £5,000, although there are portfolios offering drawings for less than £100. At the other extreme, William Weston is displaying the "lost" working sketch for a Summer Evening, Tissot's sweetly sad epitaph for his dying mistress, Kathleen Newton, which carries a £180,000 price tag.

The scope is well displayed on Chris Beetle's stand, which ranges from unjustly ignored 18th-century English watercolourists - like Turner's mentor, Hearne - to a substantial work by Scotland's own Elizabeth Blackadder. Beetle reckons that prices have risen by up to 30 per cent since last year's fair, and

although the weakness of the dollar and the general financial unease have frightened off some of the fledgling American buyers of English watercolours, this is still a self-contained market, built upon domestic collectors who can muster a thousand pounds or so to enhance their homes discreetly.

Most of these still go for the topographical scenes, the marine views, the Pre-Raphaelite girls and the bucolic fantasies which give watercolours a bad name among the refined palates of the art world. But this fair has more than its usual share of challenging items to catch the tired eye.

Facing each other in the entrance hall are the stands of Richard Philip with his Old Master drawings (and it would be known to have a larger representation from this increasingly popular sector), and Stephen Somerville, who offers a pair of arresting interiors by Dewey Bates of the artist in her studio, in one of which she lies slumped in her chair and poses up to the ceiling.

Perhaps as an escape from all those wooded landscapes, interiors stand out from the crowd. William Drummond has a meticulously crafted view of a ladies' parlour, painted around 1840 by an amateur artist who will forever be known by her signature, Pauline. Its quality is so obvious that Drummond dares ask £6,000 for it. Next stand along is occupied by the Maas Gallery, which has three tiny Turners of birds, each for under £7,000, and a delicate portrait of Beatrice Stuart by Sir Frank Dicksee. Despite the loss of a leg, Stuart was the favourite model of the Edwardians.

More subtle depictions of women

come in a drawing by Russell Flint of Vivien Leigh in the role of Cleopatra, and a striking composition, *Waiting for the Boat Train*, by Anna Airy. In her day, between the wars, Airy was as celebrated as Laura Knight, and this soulful scene of a young girl astride her suitcase, searching wistfully for an obviously-cancelled train, should do much to re-awaken interest in her work. David Masson is selling it for £5,500.

Julian Hartnoll has his usual excellent selection of figure drawings by the Pre-Raphaelites and their successors; Gillian Jason keeps the modern flag flying (and why can't there be more modern and contemporary work on offer?); Abbott & Holder has a wide range of items that always seem to be priced modestly; and Christopher Wood offers some of his less expensive stock with prices rising to the £7,500 asked for *The Shrine* by Eleanor Fortescue-Brickdale, the book illustrator whose work represents the apogee of High Victorian sentiment and who poses up throughout the fair.

For the first time, there is a sprinkling of foreign dealers who add some much-needed spice to what can become a turgid diet of the blandly picturesque. Galerie Arnoldi-Livie of Munich, for example, is selling a design for a processional banner by the 17th-century Florentine artist, Carlo Dolci, while David & Constance Yates of New York have a Verne portrait of Marshal Soult.

The most disturbing foreign object on display, though, is available from the London gallery, Walker-Bagshawe. It is a full-length art nouveau nude Salome glistening over the tortured head of John the Baptist. This is not what the average watercolour freak, up on a day return from Haslemere, expects to see.

## Reflections in glass

THE aid of surviving trade cards, advertisements and four ledgers of 1779-84 that list some 1,000 customers.

In 1749 we find Colonel Anthony Seal, the proprietor, challenged by Robert Furlington for copying the stick moulded bottle of his patent Balsam of Life. Under Hall & Holmes, Whitefriars made the glass tubes for an even more implausible panacea - Nairne's Medico-Electrical machine, made around 1785. Recommended for use in cases of anything from nervous disorders to bloodshot eyes and toothache, this shock-inducing electrostatic generator comes complete with diagrams of how to attach it - and your leg - to your Chip pendule chair and table. The glass house also supplied tubing for the leading manufacturers

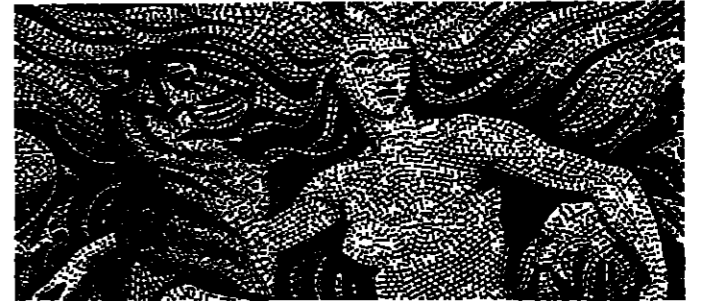
of barometers and thermometers, as well as producing bee glasses for honey sellers, catering glassware for Vauxhall Gardens, and small coloured glass lamps.

Coloured glass became increasingly important for Whitefriars trade after James Powell's arrival. His celebrated topaz glass, coloured by the addition of uranium, was first produced in 1836, and the following year 12 engraved finger bowls were supplied for the Royal table at the Guildhall banquet to mark Queen Victoria's accession.

After the 1862 International Exhibition, James Powell & Sons began to develop a distinct style of art glass. Simple blown glass, designed by Philip Webb and made at Whitefriars, was among the early merchandise

available at Morris & Co, while another architect, T G Jackson, designed a range for Powell's that remained in production until the 1930s.

Whitefriars never lost its association with scientific research. Powell's made the first vacuum flask for Dewar at the Royal Institution, worked on X-ray glasses and, with Sir William Crookes, on the development of cataract lenses. During the First World War it even



Detail from a prototype for the Eve mosaic, in St Paul's Cathedral, made by James Powell & Sons

produced mine-horn detonating devices.

The Byzantine technique for the making and setting of glass for mosaics was also researched and revived. Powell's executed Richmond's controversial mosaics for the dome and choir of St Paul's (1891-96).

● The exhibition continues at the Museum of London throughout 1988.

Susan Moore

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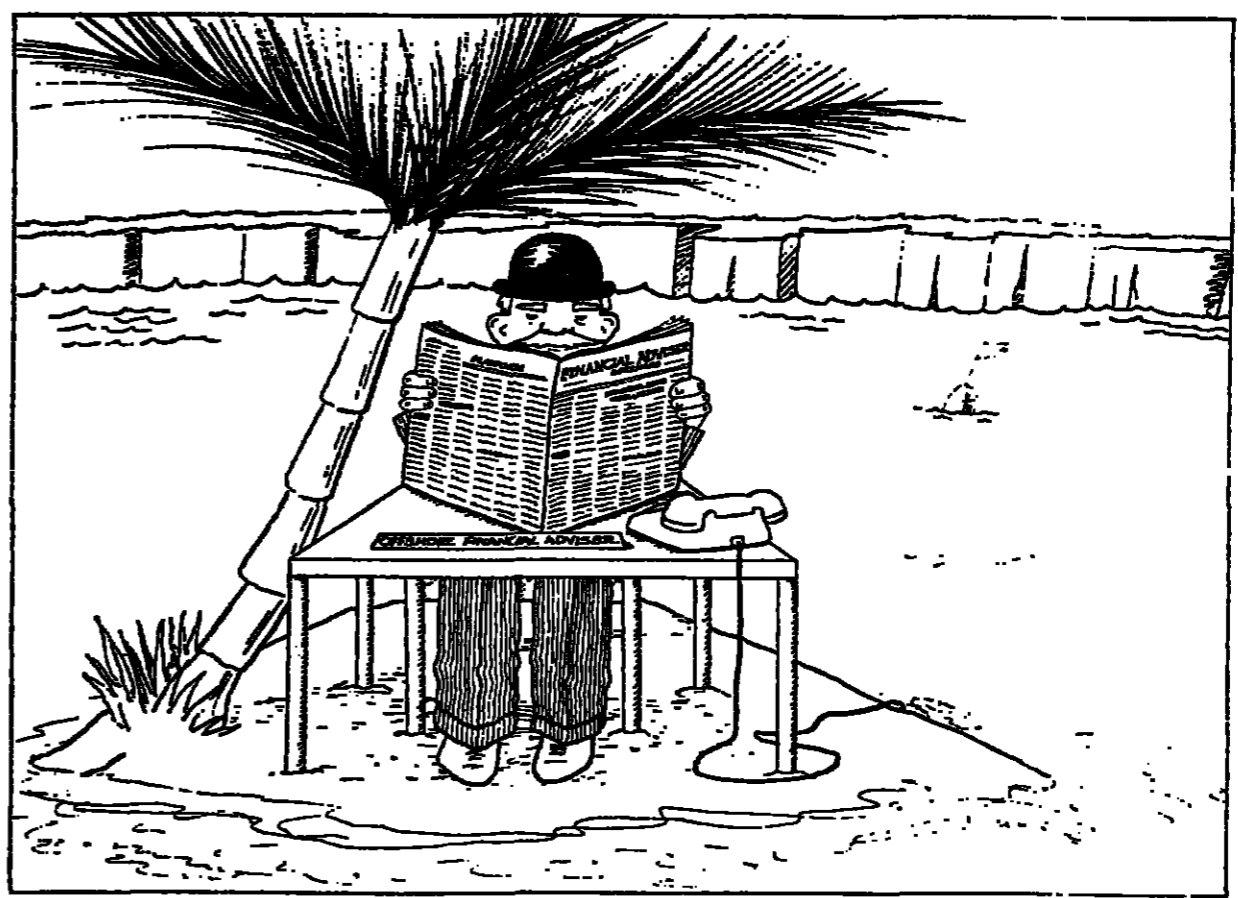
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OFFSHORE ADVISER



DIVERSIONS

Horse sense on lilies

IT IS now time to be thinking about lilies because they need to be ordered and planted as soon as possible, certainly before the end of March...



Omega is looking irresistible in de Jager's catalogue. Outside pots and containers, are there good lilies which will grow on lime? Here, I refer back for encouragement to the experience of the late F. C. Stern in his famous garden at Highdown...

oured with flowers of fiery red. He also approved of my particular favourites, *Henry* and *Testaceum*.

*Lilium Henry* has huge bulbs and lilies to be planted about six inches deep. I cannot imagine why it is less popular than *Regale*, except that it has no scent and flowers at a greater height of 8ft in August.

Once, I recall, I had a pair of riding breeches which turned the Isabelle of the Nankeen Lily in the washing machine, but they had fallen into an ink-past ditch. Unlike them, *Lilium Testaceum* is scented very subtly: it grows about 4ft high, loves lime and deserves a much wider public. Bulbs cost up to £4 each but they are worth every penny and are extremely easy to grow well.

Robin Lane Fox

Peter Gillman takes a deep breath and goes pot-holing Down and out in Derbyshire



Gillman emerges...with gratitude

I SHOULD have kept quiet. But there was something beguiling about the prospect of pot-holing. The Weekend FT leaned back in his chair and asked it there was any unfulfilled ambition I might care to undertake on the newspaper's behalf.

As a hill-walker used to savouring wide, open landscapes and the occasional fringes of space beneath my feet, I had long regarded the activity of caving with chill horror. Nothing, I felt, would ever lure me into that dank, claustrophobic world of a cave like a sailor succumbing to the siren's thrall.

As he watched my struggles, Gordon told me not to fight the rock but to try to ease myself through. It's important to conserve your energy, he warned. I envied him his slender build even more.

The first settlers arrived in the Thirties, urging their saloon cars up the A11 to the East Anglian Heights and the very limits of the known world.

Gordon was in raptures as he pointed out the intricate shapes the water had carved as it sliced its way through the limestone over the millennia. Banks of stalactites were glistening on the walls, soaring almost to the roof. "They're called organ pipes," Gordon said.

I glimpsed the sense of exploration and discovery that the sport brings - then Gordon announced that we were now 700ft down. I tried to imagine the several million tons of mountainside above our head. Then I stopped trying to imagine them.

"There's nothing to worry about," said Gordon, which worried me intensely, as he had not said that before. I watched with trepidation as his feet disappeared along the tunnel. There was a long pause, then a muffled shout.

Mr. Forster's 300 acres of wheat, barley, beans and potatoes enclose the village. But he is no more muckier about in the mud. He teamed up with the new Lord of the Manor, Adrian Pyatt, a property developer, to push for housing on the perimeter when planning controls allow.

Porsche and cart



As so often, it was the BBC that first alerted the world to life in this remote northwestern corner of Essex.

The old forge is the home of a top executive at Morgan Grenfell, the merchant bank, and the former vicarage belongs to a director of Grand Metropolitan.

to it is Gossens, a tiled cottage described by Swire's estate agent as "an outstanding small period house of great antiquity." It is for sale at £190,000.

Roses that fail to grow

THERE IS a condition known as replant disease which can make it very unsatisfactory to replant old and worn roses with new ones. No matter how carefully you remove all the old roots, how thoroughly you dig the old beds or how generously you feed them with manure, the young bushes refuse to grow steadily.



Gardening

No one is entirely certain what causes replant disease. When first I heard of the condition in America some 25 years ago, I was assured it was caused by nematodes living in the soil and feeding on the rose roots; but that no longer appears to be an acceptable explanation.

What is agreed universally is that the condition can be prevented by sterilisation, either with heat (it was steam under pressure from a boiler that they were using all those years ago at Cornell University) or various chemicals, including Dazomet and formaldehyde which kill various fungi as well as eelworms.

Unfortunately, this information is not of much use to amateur rose growers since Dazomet and formaldehyde are for professional use only. They could, of course, hire a qualified firm to do the work but such firms are not as a rule interested in small operations.

So what is the ordinary amateur to do when re-making a rose garden? The simplest solution is to make place entire new beds in another part of the garden in which roses have never before been grown (or not for a good many years). In a medium to large garden this might well be possible, and could combine nicely with a re-thinking of the overall design.

Normally, the usual three or four year rotation practiced by good vegetable growers is sufficient to prevent any serious build-up of the eelworms and there are also some eelworm resistant varieties such as maris piper and Pentland Javelin.

Phloxes can also pollute the soil in which they grow and, once more, the culprit is an eelworm which distorts the leaves and makes the stems produce gouty swellings. Dazomet is again the possible means of clearing the soil but it will not of itself get rid of the trouble, since the eelworms live in the crowns and stems of the plants and will soon re-infest the soil if the plants are put back into it.

However, clean stock can be raised from eelworm-infested plants by cutting up the thicker roots into two-inch lengths, spreading leaves on a layer of peat compost in a seed pan and covering with half an inch of the same compost. If this is done in winter and the pan is kept in a frame or greenhouse (which need not be heated), many of the roots will produce shoots in the spring and these little plants can be planted out in a reserve bed to grow on to flowering size by the following year.

The discarded crowns and stems of the old plants from which the roots cuttings were taken must be put in the compost heap where they will start a new colony of eelworms. Taking a broad view, it does seem wise wherever possible to avoid replacing the same kind of plant exactly where it grew before. This includes trees and shrubs, even though there is no specific information that these tend to poison the soil by long occupation. But the probability that they do seems too great for the risk to be worth taking.

Arthur Hellyer

Several broadcasters made the long trek and took root there before the Second World War. One of them was Gordon Glover, a gifted BBC journalist from St. John's Wood in north London. Soon "personalities" were parking their big motors on the green: Reggie Smith and his wife Gloria Manning, Gilbert Harding in his Rolls. Meanwhile, Gordon Glover's own despatches, broadcast under titles such as "From My Cottage Door," ensured that Arkesden would never be the same again.

The bell-ringers drop in for a pint after a hard day in the City. The diners under the horse brasses talk about friends in Fulham and holidays in Nepal.

The Green Man pub across the road, once run by the handsome Albert Wheeler, village handyman and Lothario, is a now a private house. Next door



Peugeot's new 405 has fleet and family appeal

THE APPEARANCE of the Corvair-built Peugeot 405 (pictured) in dealerships on Wednesday will have given joy to Ford, Rover or Vauxhall, but it is good news for British buyers of medium-sized fleet and family cars.

At £8,245, the 405 GL 1.6 I have been driving this week undercuts comparable versions of the Sierra and Montego. There is a cheaper Cavalier of lower specification, but then there is also a cheaper 405, a GL 1.3, at £7,660.

Cost advantage apart, the 405 has two other benefits. Its styling is as new as that of its main rivals has become familiar. And it was chosen as European Car of the Year 1988 by an overwhelming vote.

In fairness, I have to say that these were not all that much for the Peugeot to compete with. Its only European rival was the Citroen AX. All the other entries were Japanese, and no European jury is going to choose a Japanese product as its car of the year. But with it did, and this well-publicised success must help Peugeot as

of a squash. The boot is huge and cluttered by the spare wheel.

Standard equipment includes a decent stereo radio/cassette and a tilt-adjustable steering wheel, but not such goodies as a sunroof, electric windows or power steering. These are, however, available on the more upmarket of the eight versions on sale at prices up to £11,845 for a GTX 1.9 Injection.

Advertisement for 'SHIRT SALE' and 'NEW YORK WEEKENDS' by THOMAS PINK. Includes details about cotton shirts, prices, and contact information for travel agents.



DIVERSIONS

# A choice to suit yourself

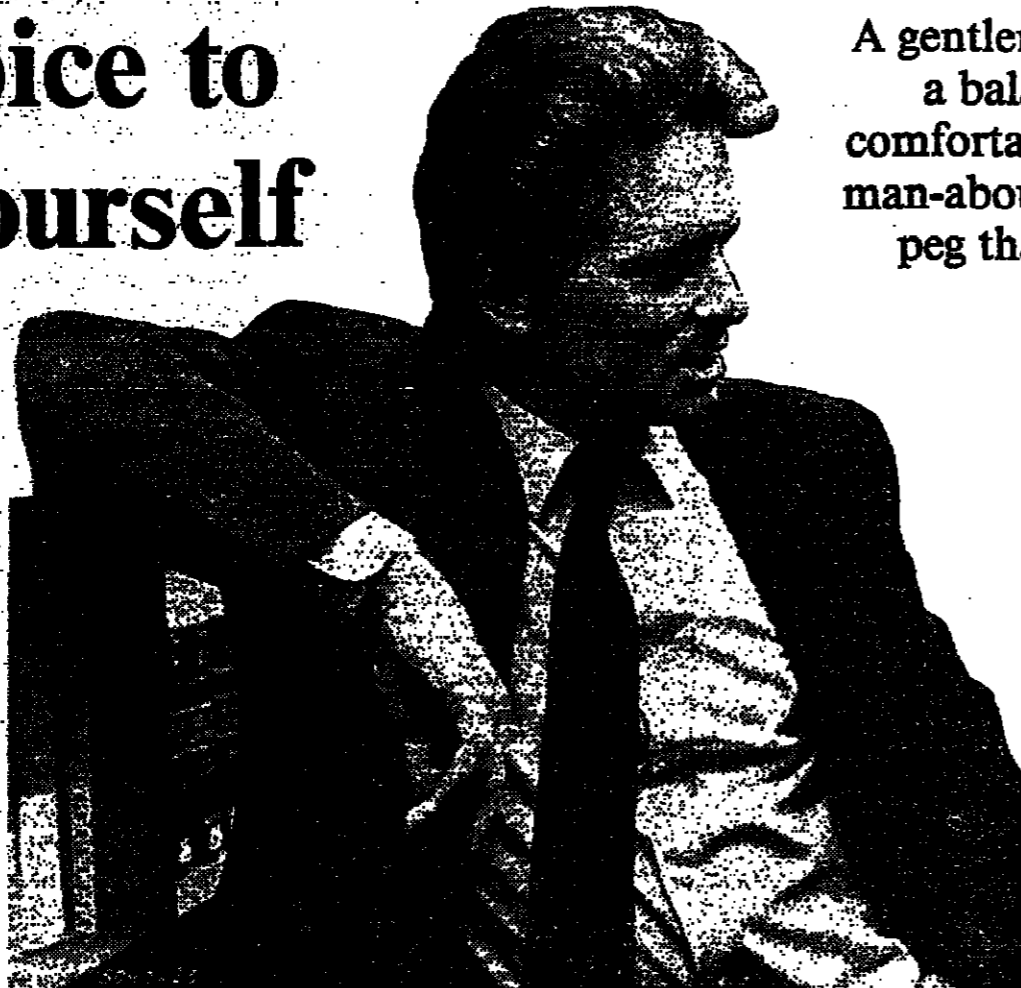
IT'S TOUGH being a man. If too carefully dressed, it looks a little... well, unmanly. If dressed too sloppily, it looks... well, slobbish. I don't belong to the school of thought that believes that clothes don't matter. Where would Jonathan Ross be without his suits, Harold Wilson without his Gannex, or Bogart without his Burberry? As Paul Keeler, author of a splendid book on men's clothing, *The Gentleman's Wardrobe*, puts it: "Just remember the future when Michael Foot wore a donkey jacket to the Remembrance Day service. Or the fuss when drab Mr Hatton, ex-leader of Liverpool council, put on some fashionable clothes and became bean Derek."

If that sounds a trifle daunting, take comfort in the fact that now has never been a better time, from a sartorial point of view, to be a man. Where once the classic regalia of the English gentleman was somewhat dull, pompous and boring, today it is all the rage. From Omote Sando to New York's Upper East Side, from the Avenue Montaigne to the Via Napoleone, Le Look Anglais is what everyone is aiming at. Anybody wondering how to dress can take refuge in a classically kind of classicism - Artyle socks, Oxford, chalk-stripes, pin-stripes or Prince of Wales check, white shirt, striped or spotted tie... what could look more effortlessly wonderful and never out of date?

Of all the items in the gentleman's wardrobe the one that involves the biggest outlay is the suit. Where once it had to be Savile Row, today's up-and-coming executive has a host of alternatives. The first challengers to the Savile Row suit were the department stores and the High Street chains of tailors but, today, the face of suit-buying is changing. Marks & Spencer joined the fray some time ago and now has specially-staffed suit shops in some major stores. Moss Bros has launched the first only chain (Suit Co) and Next, with its new Directory, hopes to persuade hard-pressed executives that suits really can be bought by mail order.

What, I wondered, were their relative merits when it came to pleasing a chap in search of a suit? First, I asked a colleague from our parliamentary staff, Tom Lynch, to look for a suit in some of the newer emporia. This is what he had to say.

• SUIT Co, 1 Blomfield Street, London EC2.  
"The first of the Moss Bros



Michael Douglas, star of the film *Fatal Attraction*, wears a Cerruti suit with just the right air of nonchalant, throwaway chic

chain of 'one-stop suit shopping' shops. The company boasts a £79 base price which it hopes to maintain, but its general price level has moved up, with many more suits available in the higher price ranges. The shop is large and well laid-out, with plenty of fitting rooms (unlike most other retailers) and an on-the-premises tailor who promises to do most alterations within two days. Most of the suits are standard names such as Dior, YSL, Banmler, Cardin, Givenchy and Daks. I picked a fairly heavy suit by San Remo of Italy at £149 - a sensible suit at a sensible price, fairly representative of the middle of their range. Prices go up to about £300. Altogether a good atmosphere to shop in. If I had seriously wanted to buy a suit I'm sure I could have found one here."

• MARKS & SPENCER, Marble Arch, London W1.  
"Marks & Spencer says its suit shops are designed to be more 'restful' than the rest of the stores, though the company cheerfully conceded that there

was never going to be anything very restful about its Marble Arch showpiece in London, even though, in a departure from M & S practice, some fitting-rooms (but not many) have been included. One of the great advantages of the M & S operation is that jackets and trousers can be bought separately and a suit's life prolonged by buying two pairs of trousers per jacket. Jackets come in three fittings and trousers in three leg lengths and the company claims that most people will find something that fits. There is, however, no alterations service for the unfortunate few.

"The range goes from £75 to £225 for some Italian wool/silk mixes in a few stores. All are made under the company's label but an effort has been made to give some variety to the traditional business suit shape. "I chose a lightweight, all-wool, light grey 'semi-plain' double-breasted suit at £110, which I was astonished to find was an excellent fit. Of all the suits I looked at it is probably the one I will go back and actually buy."

• AUSTIN REED, Regent Street, London W1.  
"Austin Reed had plenty of space and an easy-to-use layout, but I found the lack of enough fitting-rooms a serious

disadvantage. Its range, even apart from the expensive Chester Barrie range, is more expensive than the selections at Suit Co and Marks & Spencer. Its main lines lie between £135 and £325, which include a large selection made under Austin Reed's own label. Its workshops in Basingstoke promise alterations in two to three days for all but the most major work.

"I chose an all-wool, lightweight, own-label, Italian-made grey 'fancy stripe' suit with a good dash of blue at £195, and liked it very much. It was comfortable and fitted well but back at the office I noticed that the trouser hem line was disappointingly obvious. I feel I would have noticed it in the fitting rooms."

More ways to suit yourself? • BLADES of 8, Burlington Gardens, Savile Row, London W1, a pukka Savile Row tailor much patronised by the sleekly-dressed advertising fraternity, for some time been offering what it calls 'easy-or-

A gentleman's wardrobe should reflect a balance of the formal and the comfortable. But how does the modern man-about-town find something off the peg that matches up to his image?

Flavour of the month, of course, is Next. Its snazzy Directory, promising delivery in 48 hours, was launched last week. What did the Next suit have to offer the would-be well-dressed man-about-town? Next, like M & S, puts its faith in providing three jacket fittings and three trouser lengths. With the Directory comes a tape measure and a guide on how to measure yourself. To order a suit you need to provide six statistics. Cloth samples are pinned inside the Directory and cloths and styles are along classic lines - grey flannel, Prince of Wales check, navy blue flannel, grey herringbone stripe - at prices from £99.99 to £130.

I asked two colleagues, Tom Lynch again and Michael Thompson-Noel to supply their statistics and order the suits. This is what they had to say.

Tom Lynch: "The dark grey, double-breasted herringbone stripe at £99.99 felt a little harsh, but seemed good value and fitted surprisingly well, except that the jacket was a little tight across the back. But had I seriously wanted to buy it I could have discussed it with the sales girl and tried for another size. There was also a Prince of Wales check at £120. The material felt more comfortable, but the biggish check didn't suit me. However, it fitted even better than the dark grey suit. The trousers of both suits were remarkably well fitting; short-legged people don't usually find trousers that fit first time and usually need to get them altered."

Michael Thompson-Noel: "Normally I have very little luck with off-the-peg suits, perhaps because I like lightweight, Italian-style jobs. I'm invariably bamboozled by sales assistants and persuaded that something fits well when in fact it fits horribly. Later, I have to pay for expensive alterations, usually to the seat of the trousers.

Whoever Next is catering to could have been modelled on me, because their suits (42ins long) were very nearly a perfect fit. No problems anywhere: it fitted across the chest, sleeve length, trouser length, waist, bottom. I'm not usually fond of double-breasted suits but these were fine. And I liked the turn-ups. Very impressive."

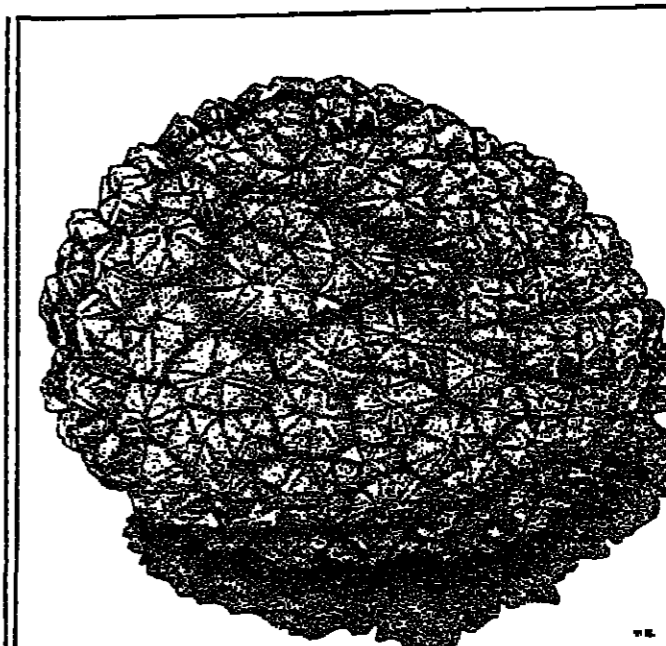
• CERRUTI. Many a snappy dresser is an ardent supporter of the Cerruti suit. Off-the-peg they may be, but they have the kind of dedicated following many a Savile Row tailor would give his needle for. If you don't yet believe that spending between £400 and £600 on an off-the-peg suit could possibly be worth it, take a look at Michael Douglas in this year's hit film, *Fatal Attraction*, where he displays to perfection that casual, unforced elegance that Cerruti man tries to achieve.

Cerruti suits have that peculiarly Italian ability of looking relaxed and formal at the same time. This spring, fabrics are extraordinarily light: wool blends for the most formal suits (with gabardine, serge and tropical fabrics). For off-duty there is silk blended with linen or cotton and for evening crepe-de-chine and a wool and linen blend. Lightweight suits are about £200.

For the best selection go to the Cerruti 1881 Boutique at 76, New Bond Street, London W1. Harrods, Austin Reed, Liberty and Simpsons all have good selections, well as Gieves & Hove, Fine Art of Cambridge, William Major of Shrewsbury and Capital Suits of Edinburgh.

• BLAZER has been quietly building a reputation for its own ready-to-wear, well-made interpretations of the classic English gentleman look. Recently taken over by Sir Terence Conran's Storehouse group, it now seems poised for 'rapid growth.' For the moment, however, there are just six shops, of which one, at 117b, Long Acre, London WC2, is a specialist suit shop. Here, in a fairly traditional tailoring environment, designed to soothe and reassure, there is nothing but suits, suits... and suits. Prices are good - they start at £110 and go on up to about £175 - and, given that they use good quality 100 per cent wool traditional cloths (flannel, pin-stripes) for heavier weight suits, and linen and cotton combinations for summer, it seems like a good deal.

• CHESTER BARRIE is generally agreed to be one of the top ready-to-wear names. Rarely does it mean that all those totems of the tailoring world - shears, tape measure, tailor's chalk, needle and thread, hand basting and other sacred rituals - still remain. All very classic, very British and very traditional. If you want a Savile Row look, but can't be bothered with the fittings and the waiting, then Chester Barrie is probably the make for you. This doesn't come cheap - a average Chester Barrie suits costs around £500. Find them in top-notch department stores around the country and in London at Austin Reed, Harrods, Savoy Tailors and Selfridges.



# Never trifle with a truffle

TRUFFLES AREN'T really food at all any more, I suppose when Cro-Magnon man, snuffling around his cave in the Perigord, first winked a truffle out of the ground, he simply ate it raw, there and then. It was very smelly, but then so was he, and it made a change from burnt bison meat.

Now nobody just eats truffles. Earlier this century, Colette said that you should not have them at all unless you could afford to eat them like potatoes, and even if you are very, very rich they do not come round in those sort of quantities any more. With our tendency to get the Italian way of things right before we get the French, we are more likely to find the 'white' truffles of Alba on restaurant tables than the black diamonds of Perigord.

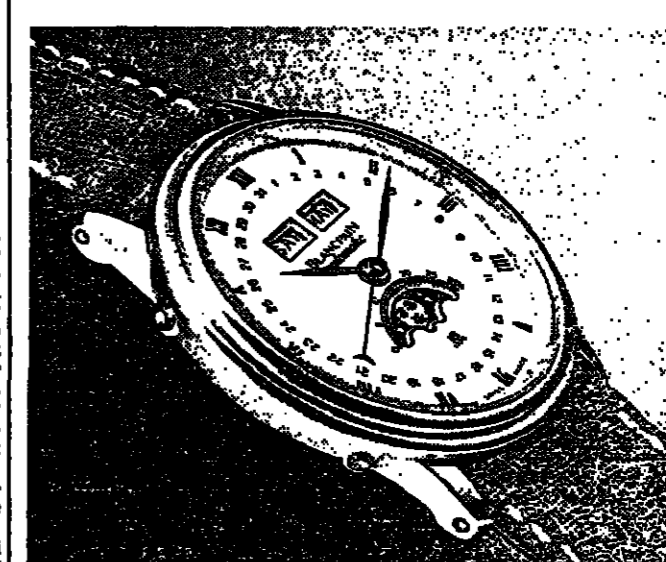
Modern marketing methods are defeated by something so resistant to preservation and transportation as truffles. The point where, if someone gave me a fresh truffle, fragrant in a screw of newspaper, I would be too nervous to cope with it.

I couldn't cook my truffle and eat it - as Colette would have said - like a potato, because nobody ever cooks and eats one small potato. The best way I can think of to really enjoy the truffle taste experience is to put yourself in the hands of Paul Bocuse. Next time you are motoring from Paris to the Mediterranean down the autoroute, come off at Lyon. Thread your way through the grey suburbs out to Collonges au mont-d'or where you will find his restaurant crowned with ten-foot green neon letters spelling out 'BOCUSE', presumably intended to be readable from passing aeroplanes.

If you order the Soupe de Truffles, a dish M. Bocuse created for President Giscard d'Estaing, you will get a bowl of soup with a dome of puff pastry lid on it. Crack that open and there issues forth this magical, terrible scent. Inside is a sort of chicken broth with several ounces of truffles, not shredded or sliced but bobbing about like yes, potatoes. Wolf it down and know what the fuss is all about.

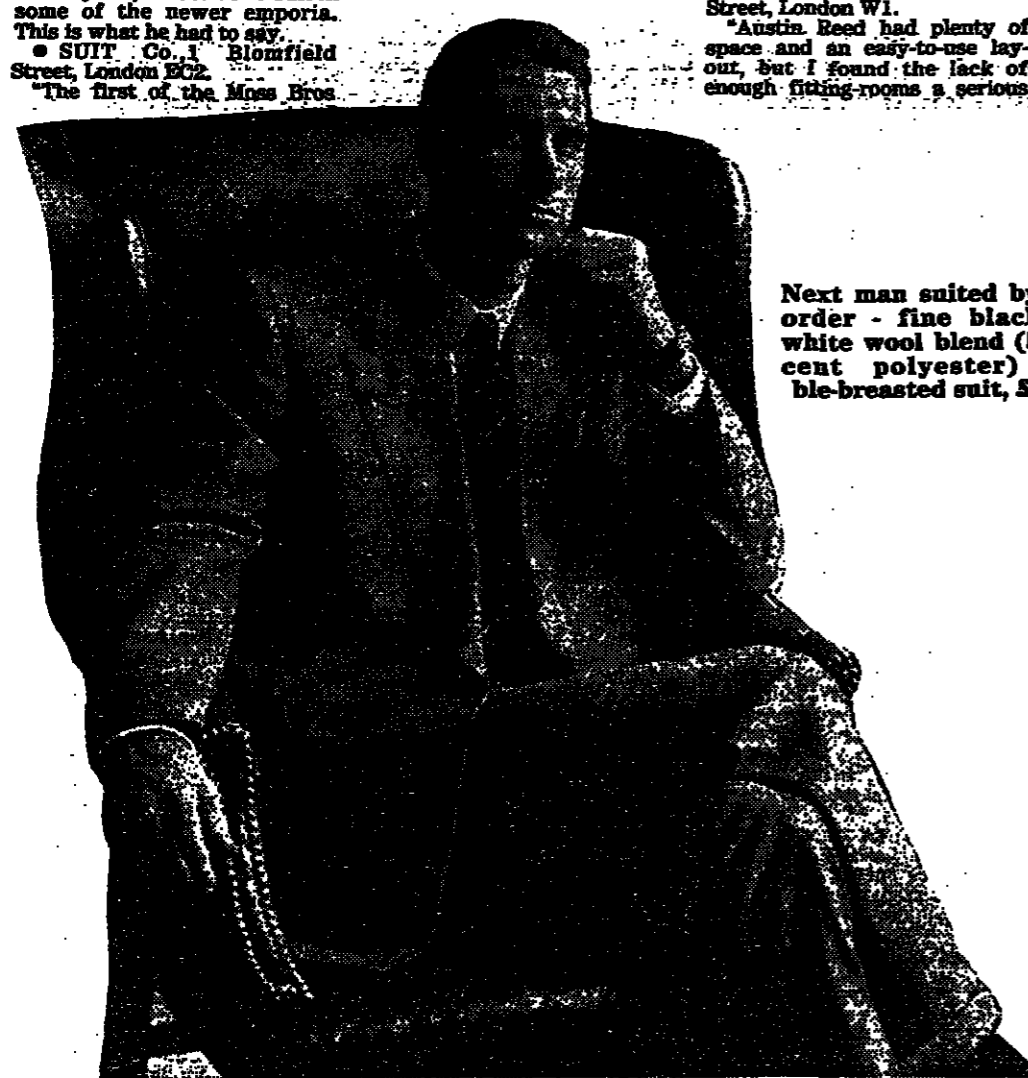
Peter Fort

SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE.

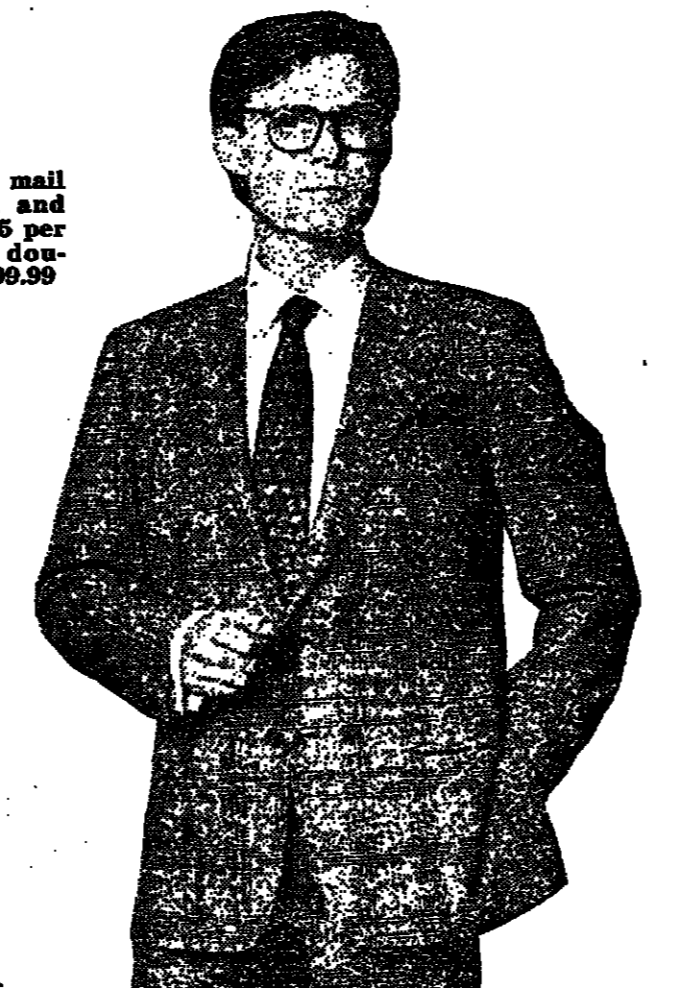


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ARTS

# The discreet charm of the bourgeoisie

IN THE German-speaking world the period between 1815 (the Congress of Vienna) and 1945 (the Year of Revolution) is commonly known as "Biedermeier". This appellation was originally intended as a mockery, soon became affectionate and nostalgic, and is now scientific and neutral.

The current exhibition of Biedermeier at the Kunsthistorisches Museum in Vienna follows on the thought-provoking show in Munich last year, but is less sharply focused than its predecessor.

It is, however, a show of architectural grandeur on the scale that one has come to expect of such exhibitions in Austria, and presents a vast array of furniture, pictures and applied art, together with lengthy documentation of the social, political, cultural and economic history of the period.

The figure of Herr Gottlieb Biedermeier, the modest and honest burgher, with his love of order and propriety and his cultural conservatism, becomes the personification of the age. His fame, appropriately enough, is accidental; when he first appeared in Munich's Fliegende Blätter in October of 1865, as the fictional character of a well-meaning doctor in collaboration with his lawyer friend, he was like a joke character in Punch.

The verses that appeared under the pseudonym Biedermeier were adaptations of those written by a typical Sonettenschreiber (Sunday poet) in the 1840s, embellished and later extended by the two humorists. They established the characteristics of Biedermeier in the public mind - his respect for authority and order, his unworldliness, his good-natured modesty, his complacency and comfortable philistinism.

What began as mockery was, by the end of the century, an idyll of the lost paradise of bourgeois virtues and middle-class worth, charming amusements, unpolitical bonhomie. The much-mocked little man with his "happiness in a quiet corner" became a symbol of the values of warm humanity in an increasingly industrialised and hostile world.

This idyll, as the historically-oriented exhibition intermittently shows, was not only precarious, but one in which a relatively small part of the population was able to share. We begin with the emergence of Vienna, at which the statesmen agreed to reintroduce a highly reactionary order to Europe in the intervals between the elegant balls, what follows is the era of Metternich's conservatism, which became a thorough-going police state.

Kaiser Franz I presided over it until his death in 1835, a monarch who appeared among

his people dressed as a middle-class gentleman and who worked conscientiously at his papers in a room filled with plain "Biedermeier" furniture, as Hofmeister's 1831 picture shows. Franz I was followed by his benevolent but incapable and epileptic son, Ferdinand. The reign of his younger son, Metternich, until the explosion of 1848 forced him to flee for his life to England.

The favour of the Biedermeier epoch is most clearly passed down to us through the German so precisely describe as "Wohnkultur". The furniture is elegant, functional, permitting a wide range of variations in what was the first genuinely home-grown style; it can be seen at its lowest ebb in the work of Johann Nepomuk Geyr, from Innsbruck.

In Vienna, Joseph Danhäuser started his own workshop, and his people dressed as a middle-class gentleman and who worked conscientiously at his papers in a room filled with plain "Biedermeier" furniture, as Hofmeister's 1831 picture shows. Franz I was followed by his benevolent but incapable and epileptic son, Ferdinand. The reign of his younger son, Metternich, until the explosion of 1848 forced him to flee for his life to England.

## Nicholas Parsons visits a major Austrian exhibition on German life last century

Looking for a new and wider clientele, producing excellent quality furniture for the upper class. Although the beginnings of consumer orientation can be seen in this enterprise, both in Vienna and Munich the "bourgeois" styles were nonetheless inherited from the aristocracy and the court - not the other way round.

Biedermeier's self-censorship - the direct result of an all-pervasive police censorship - had one secret outlet in pornography. Both the Munich and Viennese shows contain peep-shows where the illuminated keyholes reveal the range of soft pornography available - the emphasis being on large phalluses and fat ladies. Such was "Biedermeier's Traum", to be enjoyed discreetly among his male friends, and which represented the underside of a society that forbade all depiction of anything that might be considered indecent or obscene.

The reactionary nature of Biedermeier is also clearly apparent in the social and cultural spheres, notwithstanding the veneer of charm, tranquillity and elegance. In Munich, the poor were heavily discriminated against by means of strict laws regarding marriage and settlement. The required permission was hard to come by,

since local councils feared additional burdens on the poor relief. These repressive measures were largely responsible for the high incidence of illegitimacy, the figures for which are staggering and provide a grim counterpoint to the middle-class cult of the family: in Munich, between 1828 and 1840, there were 16,015 illegitimate births, only 3,000 or so fewer than the number of legitimate births. In Vienna the picture was much the same: it was reported that in 1834, for example, there were ten illegitimate to every twelve legitimate births.

Nor were the abject poor the only people to suffer. While the well-to-do Jews - the so-called "tolerated" class - were at least in society, the large number of small Jewish traders were only ever allowed temporary residence permits, which they had constantly to renew, although they were in fact a permanent part of the population.

With the drift of the population to the city, the authorities feared the insurrection potential of a large pool of impoverished and intermittently unemployed proletariat. Against this background it becomes obvious why many regard the later part of the period as more oppressively labelled the Vormärz, the period leading up to the March revolution of 1848.

Biedermeier was thus an age of extremes: of respectability and rebellion (as the exhibition's title implies), of wealth and poverty, of domestic tranquillity and political repression. The conservative-minded are attracted by the image of the Biedermeier family, with its charming social life, its musical soirées, its happy children ecstatically round the Christmas tree (another Biedermeier invention); but even they might be disturbed by the fact that, in this society, even the inscriptions for gravestones had to be vetted and passed by the censor, who also took the opportunity to go through the deceased's books for subversive material.

The truth is, Biedermeier merely carved out a niche for himself in the age which has been, somewhat accidentally, stamped with his image. After all, it was also the age of Hegel, Schopenhauer, Beethoven's Ninth, Tannhäuser, and the Communist Manifesto.

The exhibition, "Bürgerzeit und Aufklärung - Biedermeier und Vormärz in Wien, 1815-1848" ("The Age of the Bourgeoisie and the Spirit of Conflict - Biedermeier and Vormärz in Vienna, 1815-1848"), is at the Kunsthistorisches Museum, Karlsplatz 5, Vienna, until June 12 1988.



The middle class cult of the family masked widespread illegitimacy and misery for the poor

## Antony Thornecroft on funding London's theatres

# Nice and nasty times

IT LOOKS GOOD for the Riverside - and bad for the Shaw Theatre; the Tricycle should do nicely, the Half Moon rather nastily. The London arts scene faces mixed fortunes in 1988. What seems certain is that the situation will get much worse next year.

The big four national companies - Covent Garden, the Royal Shakespeare Company, the National Theatre and the English National Opera - help to be in London because it is the capital and seem secure in their funding: it is the poor infancy of community arts centres and neighbourhood theatre, dance and video troupes, which is being squeezed, on both sides. The local boroughs which support them are strapped for cash because they over-spend in the past and now face financial straight jackets. The other main funder, Greater London Arts, will also have less money available in 1988-89.

It is a story of slow attrition. GLA should get a basic 3 per cent increase in its Arts Council grant for the forthcoming year. This does not seem too bad. But three quarters of GLA's revenue of about £2m comes from the special replacement grant which the Government concocted to make good the abolition of the free spending GLC. This has been cut this year so overall GLA will have slightly less money to distribute. It has warned its 250 clients to expect a basic cut of 10 per cent.

The misery will not be shared equally. At least thirty clients will receive nothing at all, putting their existence at risk; a few will get a real increase in funding. Some of the more

experimental ethnic minority arts groups could be well treated, because they are just the type of organisation unlikely to be able to make a case for a slice of the £5m which the Arts Council now has available under its incentive funding scheme to reward arts companies which manage to boost their income. Despite the council's protestations there will undoubtedly be some switching of cash between its various funding baskets.

Most of the funding decisions will be made after consultations between GLA and local councils in London. Some of these are in a very bad way. Camden, which gives most to the arts - about £2m - has already announced a cut of 30 per cent. The Camden Festival will largely disappear and the 45 per cent reduction in grant to the Shaw Theatre will force it to become a receiving organisation. An important casualty will be the Camden Arts Centre which will offer a restricted service.

In contrast to hard-pressed Camden, Hammersmith, to the west, has somehow managed to find an extra 6 per cent for the arts. This borough seems prepared to support institutions like the Lyric Theatre and the Riverside which serve a wider London audience. Other boroughs, such as Islington, are concentrating the borough council resources on community arts activities and expecting GLA and the Arts Council to help trans-London institutions, such as Sadler's Wells and the Almeida.

Most concern is being expressed about Tower Hamlets, which is capable of the big

gesture and slashing its arts provision to virtually nothing. Most boroughs will have less to spend on the arts in 1988-89, but the companies they help will not know the extent of any cut until the last minute. At least one borough, Brent, is using the crisis to introduce, rather belatedly, a monitoring system for its arts groups. This could lead to the dropping of bizarre fringe elements, but not until next year.

There are alternatives. Some centres, like the Riverside, have turned the corner by promoting themselves more effectively to business; others, like the Almeida, have succeeded in attracting a range of public funders. But most of the small arts groups lack the expertise, and the will, to sell themselves more efficiently. For them to survive a rationalisation of arts funding in London is needed, a metropolitan version of the Arts Council's regional policy, "Glory of the Garden". This could give GLA wider regional powers with the boroughs concentrating on local community arts ventures. Without some kind of initiative London faces a steady decline in its arts activities.

## David Piper on an authorised view of sculptor Henry Moore

# A monument to a lifetime

HENRY MOORE died in August 1986 at the age of 88. In the early years of his very long career, say almost up to 1938 and the war, he was gradually establishing himself as the best-known representative of modern art in Britain. On the one hand he became notorious to a generally uncomprehending public and to traditionally academic artists; on the other he won increasing respect from colleagues in the avant-garde and from a powerful lobby of patrons and critics, notably Herbert Read, Kenneth Clark and Philip Hendy.

Through the war and until about 1960 his rapport with the public slowly improved, though not always informed by understanding. Munnings's legendary apologetic denunciation exploded at the Academy banquet as late as 1949, but by then Moore had won the sculpture prize at the Venice Biennale. The British Council was realising his potential as the most valuable, highly visible, British export for cultural prestige abroad in travelling exhibitions. The catalogue of his first, belated, London retrospective at the Tate in 1963 saluted him as "our greatest living sculptor... widely held to be Britain's greatest living artist."

Yet by then, while acknowledged beyond Britain, especially in the States, as a major figure in the revolution of the twenties-century art, he was gradually becoming distanced from the most exploratory of the younger generation of artists in Britain. By 1968, he was 60, and for many an elder statesman of art. By 1967, when suggestion already mooted by him in 1960, to give a score or more of his works to the Tate, became public, and was greeted with a governmental promise of an unprecedented lease towards a new gallery to house them, many of the best known leading younger artists in England signed an agonised dissent in *The Times*. Moore, it seemed to them, was taking over, stopping the progress of art and keeping them out in the cold.

Moore was deeply wounded, but the expression of his fame was irresistible, and from the 60s till his death sustained his status as the grand old man of British art - and in some quarters even (especially after the defeat of Picasso) as the G.O.M. of world art. This last phase was that of the "public" Moore as contrasted with the earlier "private" Moore. The last phase was marked by colossal monumental sculptures, often executed entirely, or almost so, by assistants. An earlier insistence on "truth to material" lapsed, in favour of - it might sometimes seem - the right scale for the chosen site. An accusation of inflation leading to floppidity of form was heard, and the important critics were no longer like the reactionary Munnings, but some of the leading champions of modern art - the indefatigably virulent Douglas Cooper, Brian, or the brilliant Clement Greenberg in the US. But the ground-swell of acclaim and honour - and of money - was overwhelming. In England, there came the Order of Merit; abroad, crowds thronged his shows, and the demand in his



Henry Moore: years of success and controversy

great cities of Europe began to rival that in the US. What must have been in many ways the most satisfying of all recognitions for the artist was when his sculpture almost took over Michelangelo's city, Florence, in the great exhibition there in 1972.

Roger Berthoud's account is deliberately titled as *The Life*. The steady enormous literature on Moore focuses generally, naturally, on the work, though three notable earlier accounts, by Donald Hall, by Herbert Read (both 1965), and by John Russell (1968), were illuminating of biographical matters, as was most recently that, lucid and acute, by our critic William Packer (1986). Berthoud's very detailed and meticulously researched chronicle was about four years before Moore's death and with the encouragement of its subject, whom he had known well (early on as close neighbour) for thirty years. *The Life*, it will remain the basic "Authorised Version."

Obviously however, discussion and assessment of *The Life* must be integral. Berthoud does not shrink this; though writing without with affection, he is no hagiographer - even begging his subject's posthumous understanding if he has "sometimes been unduly severe." He writes with a critical sensitivity, but aware that his reactions are in the last analysis, subjective.

In a refreshing passage, he charts his own shifts in appreciation of individual pieces as his own work progressed, and reassesses - as all who believe in the stature of Moore's work and imagination, variable though the quality by be, must realise - that it will never be laid to rest by a conclusive epitaph, but that its vitality and relevance will enable the imaginations of succeeding generations.

*The Life of Henry Moore, By Roger Berthoud; Faber and Faber, £14.95, 464 pages, 191 illustrations.*

Chess No. 707  
1. E-B7; If Q-Q3; 2. B-Q3, or If P-B5; Q-Q3; If N-N6; 2. Q-Q2, or If N-B7; 2. N-B5.

Records

# The expanding compact

COMPACT DISC releases grow more and more compendious. Partly because of the ever-increasing vogue for So-and-so's Complete Such-and-such (in concert as well as on record), partly because CDs are compact discs, the bulk of the complete Ring on old 78s, or even on LPs, with the tidy modern packaging - and unhampered by disc-breaks. Except for collections which are genuine cycles, like Chopin's Preludes, and for collectors addicted to particular performers, I still doubt whether the vogue is sensible.

Usually some of Mr. X's complete Beethoven symphonies or Chopin waltzes are long-staple offerings of his, while others have merely been dusted off, or even learned specially for the recording. The Chopin Studies, for example, are nearly always recorded "complete," yet they weren't composed as cycles, and it's a rare pianist who is equally at home in all of them. Bulk-buying here means getting a mixed bag of variable successful performances - and since most record-buyers probably expect to live with the versions they acquire, Mr. X's dinner efforts may even persuade them that a particular symphony or sonata is just not very interesting.

The honourable exceptions are compendies by artists who have studied their composers so thoroughly that they can offer "model" expositions of the music, even while leaving room here and there for more exciting or revelatory performances (better sought, anyhow, in the concert hall; I admit to an instinctive distrust of recorded music). There are excellent reasons for wanting to know by ear the music of a composer, as all of Fauré's songs, without prejudicing your expectations when a live performance next comes along. The minimal conditions are simply that your "model" recorded versions should be of a high standard, not too overwhelmingly personal. Each of my CD compendia this week offers all that and more.

The Kocsis/Fischer Bartók collection is exemplary. It really is complete, comprising 1 Rhapsody and the odd, unwieldy op. 2 Scherzo - and the orchestral version of the 2-piano Sonata doesn't count as an

omission - with a scrupulous account of the Music for Strings, Percussion and Celesta as a bonus. The early pieces, scarcely ever heard in concert now, are full of striking pre-echoes and overt Russian-tinged regularities, never get into Bartók's mature style in sharp relief, and the performances here of the Rhapsody and the 1st and 3rd Concerti lay special claims to fresh guidance from his own tragically recorded recordings and from new comparisons of manuscripts with published scores.

Furthermore, these performances are not only sympathetic but regularly exciting. The First Concerto is terrific - and their Hungarian diction has an authentic snap in phrase after phrase. (The final phrase of the "Ritornello" is a winning example of "complete," get it so right.) The closest brush with idiosyncrasy is in the Third Concerto (the earliest recording in the set), which Kocsis brings off with a brusque, insistent muscle that usual - Bartók designed the piece for his wife, after all, and I think the common feeling that it "lacks character" and a lighter touch is sound - but it is toughly consistent, and cogent.

The Labèque sisters Stravinsky disc is ungenerous, at a mere 43 minutes; they could easily have included the two-piano Sonata and made their survey "complete." Perhaps the Sonata strikes them as tame, or too austere? At any rate their drive through the splendid Concerto (without orchestra) is electrical; they generally disdain paragraph-marking, but justify their notoric treatment by super-articulate phrasing. Every note gets its inclusive sense, even if the notes of the structure aren't stressed (nor the ubiquitous repeated-note effects as rigorously rendered as they might be).

The Labèques invest the "easy pieces" for disc - three with a beginner's bass-part, five with a simple treble - with so much quirky character that one blinks at the deceptively plain score. They have great fun with their two-piano version of the Petrushka excerpt Stravinsky transcribed as solo for Rubinstein; not as picturesque drama (no inscription in Petrushka's cell), but as brilliant diaphanous clatter.

Bernard Roberts is a musician's pianist, and his Beethoven-sonata compendia is a model study. Always perceptive about detail, he may occasionally let the larger drama slacken a bit (the outer movements of the "Appassionata," the first of the "Waldstein"); but that's only to say that greater keyboard-ions can meet those challenges more boldly. Roberts is unfailingly, even chirpily bright, which doesn't always serve for Beethoven's epic scale. Yet it serves to reveal many other things just as important, and every performance so far holds and rewards one's attention.

Of the latest and richest sonatas, only op. 101 appears among these first six discs. (Five of them do include sonatas over some chronological spread, but the format isn't rigid - the other disc is devoted to the three op. 10 sonatas, which enjoy some of Roberts' liveliest and most appealing playing.) Assessment of the whole cycle must wait upon its completion, for what Roberts makes of the last sonatas may set the earlier ones in new retrospective light; but it's not too soon to say that Roberts is providing us with a transparently selfless, judicious, mature view of essential Beethoven. It doesn't pre-empt bolder treatments, but what it offers is startling - and, by the way, most beautifully and naturally recorded.

So far as manifest devotion goes, Berkowitz's late Schubert meets the same standard, but in other respects they are quite different. Berkowitz is less bright-fingered, less charming with particular episodes, but enormously successful in maintaining Schubert's long periods. His unyielding grasp of the architecture ensures a formidable experience: every detail is adjusted to its place within an inexorable grand plan. With this evidence, nobody would dare to suggest that these miraculous sonatas are "too discursive" - the sense of deep, far-sighted purpose is mightily impressive, even more perhaps for seasoned Schubertians than for recent converts.

David Murray

Radio

# For better or worse

"MORE WILL mean worse," Kingsley Amis wrote; and some reactions to the new government proposals for radio suggest a similar conclusion. "The prospect of a new radio is exciting," says Eddie Vickers, managing director of my local independent station, Severn Sound in Gloucester. "It might open up unprecedented opportunities for diverse ideas, but will more likely lead to replication and reduced quality." Mr Vickers regrets the loss of the IBA, which he has found friendly and helpful. The "constructing" of the service is in the "radio" religion, and so on - might go on being observed after they cease to be obligatory.

Byron's bicentenary reached an appropriate climax on Friday (Radio 3) with *Manfred*, complete with Schumann's music. Appropriate, because *Manfred* is virtually the poet's own confession of his faults and his reluctant repentance. Byron was not anxious in his lifetime to have the work performed.

Manfred (Ronald Pickup) lives in the remote Alps, longing for forgetfulness, banked of suicide by a friendly hunter, by the unhelpful spirits with whom he consorts, and by an Abbot (Robert Eddison) anxious for his reclamation. In the end, the Devil comes for him in a Faustian last scene. We are never told specifically what "half-maddening sin" Manfred has to repent, but it is clear that his relationship with his dead love Astarte was incestuous, indeed that she represents Byron's sister Augusta.

The drama offers a late taste of *Sturm und Drang*, and Schumann's music helps it along nicely. The production cuts were numerous but small, and some of the verses were respectfully rewritten to fit Schumann's settings. John Theobald directed an all-star cast, including the BBC Symphony Orchestra and the BBC Singers. The reading emphasised drama rather than poetry; I missed hearing the variety of rhythms the poet uses. And I would have welcomed more changes of acoustic as the action moved among its varied picturesque locations. But all told I found the production thrilling indeed, and I hope it will be repeated.

Byron began Radio 3's week with *The Vision of Judgment*, his satirical commentary on George III's death, impeccably read by Alec McCowen; and we heard some of Byron's splendid letters read in the last 10 minutes of each day.

Hollywood film-makers, said Jerry Leiber, the lyric-writer, in *Celtic Rock* (Radio 1, Sat. urday), regarded rock and roll as trash; film music was "serious, from another aesthetic." This programme, first of a series, shows how rock came to be accepted as a proper and profitable business, beginning with "Rock around the clock." What we heard mostly were songs from the developing phenomenon of the rock film, moving on through Cliff Richard, Chuck Berry, Frankie Lynan and Little Richard, to the immortal Elvis. The music in the programme outstrips the commentary by Steve Wright and his interviewees, but this should keep the young listening.

A different approach was taken in Radio 4's *The Sixty-fours of 1940* on Thursday. There was plenty of music, but in short bursts, and likely to be by Schoenberg, Stravinsky, or their successors, nothing that

you would go out humming. Edward Sekerson's interest was in how the 20-year-old London Sinfonietta, which began with 14 elite players, but grew to 50, attacked their programme, often including new works commissioned by themselves.

The director, Michael Vyrer, told how he had assembled players interested in playing difficult music, how they chose new items ("I don't necessarily like them"), how he and his colleagues worked out their arduous time-tables, how they went about building up audiences. We heard them at their democratic rehearsal and at an educational class with young musicians. The programme was punctuated by extracts of the music they play - not all Schoenberg, there was a bit of Gershwin's Rhapsody in Blue, excellently played, and there was a Paul Whiteman big-band arrangement conducted by Simon Rattle. The 20th birthday concert (Radio 3, tomorrow) includes first performances of two commissioned works.

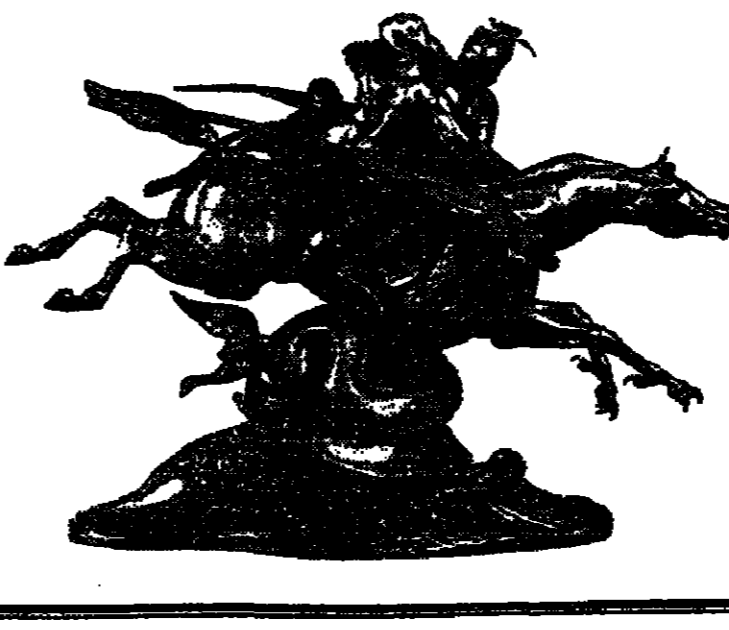
B.A. Young

## PICK OF THE WEEK AT CHRISTIE'S

### Bronze group of Roger and Angelica borne by the Hippogriff

Cast from a model by Antoine-Louis Barye

This extraordinary group was commissioned in 1846 by the Duc du Montpensier, brother of the Duc D'Orleans. Barye was one of the leading French Romantic Sculptors of the 19th Century, and after his death a small number of casts were produced from the model for this group by Henri, the sculptor's favourite bronze-worker. The piece will be the highlight of the sale titled The Nineteenth Century at Christie's, King Street on Thursday 28th January at 10.30 am. For further information about this and other sales in the next week please telephone 01-839 9060.



8 King St., London SW1  
85 Old Brompton Rd., London SW7  
164-166 Bath St., Glasgow





WEEKEND FT

SPORT

Tennis/John Barrett

Cash to put icing on the cake

EVEN BEFORE it ends tomorrow, the 1988 Ford Australian Open has set new standards. Magnificent new facilities are already the envy of the world.

Attendances which on Thursday passed the 200,000 mark and will end at approximately 245,000, will exceed last year's record figures by about 105,000.

In spite of the selection of a Korean-made ball that has been criticised by several of the competitors for being inconsistent in compression and cloth wear, the standard of play on the Rebound Ace courts, among the semi-finalists at least, has equalled the performances by the same players who won the three Grand Slam championships in Paris, London and New York.

It is fitting that, in this bicentennial year, the Australian Open is being recognised as the first official sporting event of the national celebrations. The public spectacle to mark the occasion is a parade of 25 former champions who will assemble on the Centre Court immediately after this afternoon's women's final between Chris Evert (herself a winner in 1982 and 1984) and Steffi Graf.

Twenty-one Australians, from the first triple crown winner, Jack Hawkes (1926), and Joan Hartigan (1933) to the only unseeded winners, Mark Edmondson (1976) and Chris O'Neill (1978), will be joined by three Britons - Fred Perry (1934), Angela Mortimer (1965) and Virginia Wade (1972) - and America's first Grand Slam winner, Don Budge, who is embarking on a year of celebrations to commemorate the 50th anniversary of his remarkable feat.

Certain to receive the biggest cheer of the afternoon is the great Rod Laver - looking lean and fit at 48 - who is the only player to have achieved the Grand Slam twice, as an amateur in 1962 and as a professional in the second year of open tennis in 1969.

Although 33-year-old Chris Evert is striking the ball as well as ever, I do not believe she can contain the lethal firepower of Steffi Graf this afternoon. The young West German, at 18, is very much more mature than the inexperienced girl whom Chris beat to win the title, and last time two years ago on an asphalt court in Florida. Since that day in February 1986 Steffi has won four times in

straight sets, the first of those wins, significantly, on clay, Chris's best surface, and the other three on asphalt.

The two women's semi-finals provided ample evidence that these cushioned courts, with their medium-fast bounce, play like a cross between asphalt and an older Supreme carpet. The reliable bounce favours the player who swings through the ball and takes it early. Once Steffi had got the range against fellow German Claudia Kohde-Kilsch, she delivered a barrage of early forehand winners that would have mown down anything in their path.

Her losing the first eight points to trail 0-2, Steffi allowed Claudia only another eight points in the next six games as she fired the ball into the corners. The second set cost her three games and 15 points but was almost as ruthless. It was an intimidating display by a player whom I expect to see win the Grand Slam this year.

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Five double-faults, plus a low percentage of first serves that found the mark, were handicaps she could not afford and were the reason why she tightened up on so many relatively easy volleys. As a young player she used to choke like this on the big occasions and it seems that, towards the end of her remarkable career, she is suffering from the same affliction.

Her only real chance of breaking down Graf's improving backhand will be on the grass at Wimbledon; but the pressure of going for a ninth consecutive win there, that could break the record she presently shares with Helen Wills Moody, is likely to be too much for her.

Evert, who has said this might be her last full season, can congratulate herself on as good a performance as she has produced for years. The way she returned the serve on the rise and found the lines with her down-the-line passes (a deliberate change from her



The crowd will reserve its loudest cheer for this man, Rod Laver, Australia's tennis legend

favourite cross-court drives, she said afterwards) was exciting to watch. However, these tactics will be no avail today against Graf, who will simply thrive on the pace.

"I really don't know how to beat Steffi," admitted Chris on Thursday. "I haven't found a way in two years. I just hope I can put up with something on the day."

The men's final tomorrow promises to be a real battle of character. The two men who have shown the best form throughout the meeting, Mats Wilander of Sweden and Pat Cash, Australia's Wimbledon champion, will meet to decide who will become the first champion on the new Rebound Ace surface.

There are no precedents to suggest who might win because this is the first tournament on this resilient rubber-backed hard court, although in their only meeting on regular hard courts Cash did beat Wilander in the quarter-finals of the 1984 US Open. Overall, the tally is 4-3 to Cash.

In the first of yesterday's semi-finals, Wilander returned serve with such consistent topspin and speed about the court with such moved that the titleholder, fellow-Swede Stefan Edberg, was made to look slow and clumsy. Wilander won this Scandinavian battle 6-0, 6-7, 6-3, 6-1 in three hours and 19 minutes thanks to his own competence and Edberg's frailty. Edberg's serve was

never the penetrating weapon it usually is and his confidence on the volley was undermined by the quality of Wilander's accurate passing shots.

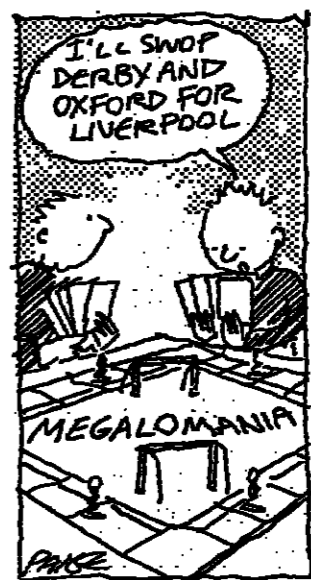
Edberg's confidence was also affected by the 12 foot-faults he delivered as his rear foot swung through to touch the line before the ball had been struck. The 11th such error on a second serve cost him the game to go 0-2 down in the final set. The quiet Swede, who had celebrated his 22nd birthday on Tuesday, never recovered.

Cash was magnificent in his 6-4, 2-6, 6-2, 4-6, 6-2, win against the world champion and top seed, Ivan Lendl. So often in some gruelling Davis Cup battles, this 22-year-old right-hander has shown what a tough competitor he is. Against Lendl he did it again, encouraged by 15,000 delirious supporters whose noisy support (as Cash acknowledged afterwards) played a significant part in destroying Lendl's confidence.

As Cash lunged and dived to cut off some bullet-like passes with volleys of exquisite timing, the crowd roared. Lendl whimpered visibly. When the world champion failed to convert any of the four points he held to break Cash's opening service game in the final set, the pressure mounted against Cash. He broke Lendl to 15 in the sixth game by sheer will-power. You could almost feel the intensity of his personality as he charged in and dared the tall Czech to pass him. Lendl couldn't.

There was no denying the fierce Australian as he finally broke the shaken Lendl to love to clinch a famous victory. It was his first Grand Slam title in 19 years. He had won the French title on the slow European clay? Two weeks ago, I would never even have considered such a thought. Today, it seems a real possibility.

Soccer/Philip Coggan



What price sport's soul?

This means that although Maxwell will not be able to take control of Watford, he will be able to retain his interests in Derby and Oxford. (He has already said he intends to sell his shares in Reading.)

The decision still throws up a long-term problem, though. Unless there is a radical change in the level of spectator support for the game, most clubs will continue to depend on the deep pockets of a small number of businessmen and wealthy individuals. If each individual supported four clubs, that would mean finding around 20 such philanthropists; the tighter rule pushes the target nearer the 80 mark.

In addition, the motives of those prepared to inject money may not always be limited to a love of football. The League is still faced with a threat from the property developers. A survey by the Jordan research group found 80 of the 92 League clubs were techni-

cally insolvent - and that, in most cases, their only significant asset is their ground. That is a substantial temptation for a developer to move in, close down the loss-making club and turn the site into offices or flats.

Early last year, Marler Estates tried to merge the Fulham club in a venture with nearby Queen's Park Rangers so that it could develop Fulham's valuable Craven Cottage ground on the Thames riverside. Although that proposal was rejected, the position is still not settled.

The local council and Marler have put forward rival schemes for partial development. Meanwhile Ken Bates, chairman of a third west London club, Chelsea, is still trying to put together a package to buy its Stamford Bridge stadium from Marler when the club's lease runs out in 1989. And David Thompson, the co-founder of Hillsdown Holdings, has made a surprise bid to prevent the sale of QPR to a private company run by David Bulstrode.

Football is thus facing the kind of takeover battles and rationalisation plans which most of British industry has experienced this decade. The administrators are trying to shore up an old-fashioned structure of 92 clubs, of which perhaps less than a third are viable as commercial enterprises.

Many clubs depend for their survival on the handouts, from TV and sponsorship, that trickle down from the centre. So the Football Association was forced with a dilemma last week when considering a deal worth £20m over 54 months to sponsor the FA Cup.

The decision was all the harder because the potential sponsor was the Courage brewery on behalf of Foster's lager. Not only would that have meant changing the competition's name to the Foster's Cup, it would have left the authorities in the untenable position of using football to promote alcohol - a charge when drink is being blamed for causing most of soccer's hooligan problem.

The Foster's deal was rejected but there can be only sympathy for the administrators' plight. Most of us want to keep the romance in sport - but the reality is that the wages and funds the grandstand improvements. Also, every money-making idea, turns football into just one more soul-less division of the entertainment industry.

FT CROSSWORD No.6,537

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday February 3, marked Crossword 6,537 on the envelope, to the Financial Times, 10 Cannon Street, London EC4A 3DF. Solution on Saturday February 6.

A crossword puzzle grid with numbers 1 through 29 indicating starting positions for the clues. The grid is partially filled with letters.

- ACROSS
1 Country haze as 6 o'clock struck (14)
10 Little fish ejected liquid round river (5)
11 It returns to source, awfully hot: it has two or four wings (5,4)
12 Rude driver wrecked hood and half garage (4+3)
13 Theorist unconvincing to king and queen? (7)
14 Lucifer on the marrying game? (5)
15 Without arousing suspicion, of course (9)
16 In France I get funny about auction in holy city (9)
17 Article follows day with Lucifer (5)
18 Girl without way to love gets out trouble (7)
19 Give way to sucking thumb a bit, one hears (7)
20 Crippen's crime for Dec 12 - our turn (9)
21 Cancel periodical with article missing (5)
22 Legendary figure in KLM? (6,8)

Solution and winners of Puzzle No.6,537
Mrs K. Swann, Newcastle, Staffs; Mr & Mrs D.B. Willis, East Preston, West Sussex; Mr M.J. Greener, Barry, South Glamorgan; Mr J. Walker, London N15; Mr Gordon Thomas, New York, USA.

A grid of letters for a word search puzzle. The letters are arranged in a 10x10 grid.

SATURDAY

Television programmes in black and white
BBC1
8:30 pm Football: 8:30 Saturday Stars
8:30 pm News: 8:30 Saturday Stars
8:30 pm Going Live! 12:15 pm Weather.

LONDON

8:30 am TV-an Breakfast Programme. 8:30 7:30. 11:30 News. 11:30 The Today Programme. 11:30 The Today Programme. 11:30 The Today Programme. 11:30 The Today Programme.

TELEVISION AND RADIO

Granada
12:00 pm News. 12:00 pm News. 12:00 pm News. 12:00 pm News. 12:00 pm News. 12:00 pm News.

SUNDAY

BBC1
8:30 am Play School. 8:15 Unlabeled. 8:30 The Saturday Show. 8:30 The Saturday Show. 8:30 The Saturday Show.

LEONIE MEHLINGER PLAYS ANGELICA PABET IN GRANADA TELEVISION'S SMALL WORLD, TOMORROW AT 9.30PM

12:00 pm News. 12:00 pm News. 12:00 pm News. 12:00 pm News. 12:00 pm News. 12:00 pm News.

RADIO

BBC Radio 2
8:30 am News. 8:30 am News. 8:30 am News. 8:30 am News. 8:30 am News. 8:30 am News.